FINANCIAL TIMES

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No. 30,215 — Wednesday April 22 1987 — D 8523 B

Energy: time to go for the cheapest solution, Page 23

World news

Colombo curfew after bomb kills 150

A nine-hour curfew was imposed in Colombo, Sri Lanka, after a bomb explosion in the city's central bus station killed at least 150 people and injured many others.

The Government blamed two Tamil separatist groups for the bombing and the curfew was imposed to prevent retaliation against Tamils by the majority Sinhalese.

The bombing followed the deaths of 142 people, mostly Sinhalese, in separatist violence in the previous five days and prompted the Government to announce an increase in the country's home-guard force from 12,000 to 20,000. Page 24

Confidence debate

Italy's new minority government faced a parliamentary confidence debate within a week which it expected to lose, clearing the way for a June election. More than 10 MPs, each allowed to talk for an hour, asked to take part in the debate.

Soweto attack

A trainee black policeman was killed and 67 others injured when a grenade was thrown into a police training ground in Soweto, South Africa. Six hours later, a car bomb exploded in a white Johannesburg suburb, but no-one was reported injured. Page 3.

Israeli retaliation

Israel warned it would take retaliatory measures to counter a wave of Katyusha rocket attacks from Lebanon and increased Palestinian guerrilla activity along the northern border. Details; PLO reconciliation attempt, Page 3.

Gulf War proposal

The Soviet Union presented Gulf Arab states with new ideas on stopping the Iran-Iraq war, giving the UN Security Council a role in resolving the conflict in co-operation with Gulf states.

Rhine spillage

A leak at a factory owned by Switzerland's biggest chemical company, Ciba-Geigy, sent 7,200 litres of cooling liquid – water and methanol – into the Rhine but posed no danger to the population or environment, the company said.

S African warning

South Africa sent the Zambian Government a second message urging it to restrain a guerrilla force that it said was about to leave Zambia on a mission to infiltrate South Africa.

Star Wars delay

Congressional budget cuts have caused delays of up to two years on research into US Star Wars anti-missile defence and have reduced technical options for the 1990s, the Defence Department said.

Former PM sentenced

Former Tunisian Prime Minister Mohamed Mzali was sentenced in absentia to 15 years' hard labour – his third conviction since fleeing the country in disgrace

Nuclear controls

The head of the European Parliament's committee dealing with nuclear energy called for the creation of an international system of control over the nuclear power industry.

Nicaragua 'threat'

President Ronald Reagan told US Congress he was extending the two-year declaration that Nicaragua was a threat to national security, a step necessary to continue trade sanctions against the country.

Scapegoats

Conservationists began killing 3,000 wild goats on the Aldabras Islands, near the Seychelles in the Indian Ocean, to protect the habitat of giant tortoises and wild birds.

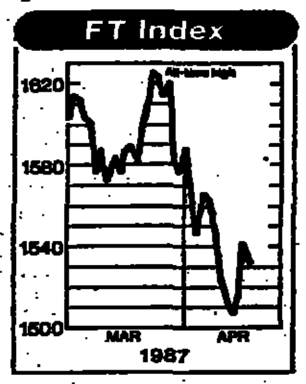
Business summary

Earnings at Sears rise to $287.9m

SEARS ROEBUCK, large US retailing and financial services conglomerate the earnings of which have stagnated since 1984, reported a 47 per cent increase in first quarter net income to a record $287.9m or 75 cents a share. Page 25

WALL STREET: The Dow Jones industrial average closed up 66.47 at 2,337.07. Page 48

TOKYO: A fall in blue chips and financial stocks offset buying in large capitals to leave share prices slightly lower. The Nikkei average lost 9.12 to close at 23,886.10. Page 48



LONDON: The stronger pound hit export stocks and fuelled a downturn while gilts followed US bonds lower. The FT-SE 100 index lost 9.2 to 1,940.2 and the FT Ordinary fell 8.4 to 1,531.9. Details, Page 44

GOLD rose to $447.875 ($439.25) on the London bullion market. It also rose in Zurich to $451.75 ($440.00). Page 36

DOLLAR closed in New York at DM 1.8220; SFr 1.4965; FFr 6.0620 and Y142.55. It rose in London to DM 1.8165 (DM 1.8110); it also rose to SFr 1.4930 (SFr 1.4920); and to FFr 6.0425 (FFr 6.0225); but fell to Y142.35 (Y142.95). On Bank of England figures the dollar's exchange rate index fell, to 100.9 (101.1). Page 37

STERLING closed in New York at $1.6330. It rose in London to $1.6340 ($1.6310); to DM 2.9675 (DM 2.9525); to SFr 2.44 (SFr 2.4350); to FFr 9.8725 (FFr 9.8225); but fell to Y232.50 (Y233.25). The pound's exchange rate index remained unchanged at 72.4. Page 37

MOULINEX, leading French household equipment manufacturer, expects to break even this year at a consolidated level before moving significantly into profit in 1988. Page 25

BLACK & DECKER, US power tool manufacturer, reported improved but still unsatisfactory earnings for its second quarter of $9.3m or 16 cents a share against $1.6m or 3 cents a share a year earlier. Page 25

UNISYS, US computer company formed last year by the merger of Burroughs and Sperry, earned $110m or $1.71 a share in the first quarter on revenues of $2.416bn, exceeding Wall Street's expectations. Page 25

UNION CARBIDE, US chemicals group, reported a sharp fall in net first quarter earnings, from $313m last year to $66m. The company is currently restructuring after the Bhopal disaster in India, and the subsequent abortive raid by GAF.

PHILIPS, Dutch electrical and electronics group, is preparing to launch an important marketing campaign in the US in an attempt to capture market share and to confront the Japanese electronics industry head-on. Page 25.

AMOCO first quarter net income fell to $260m from $331m in the same period last year. The company blamed lower crude oil prices and reduced production. Battle for Dome, Page 24

XEROX, US business products and systems and financial services group, boosted first-quarter earnings from continuing operations to $135m or $1.25 a share from $102m or 93 cents a year ago. Page 25

Vietnam prepares emergency economic programme

BY STEVEN BUTLER IN HO CHI MINH CITY

VIETNAM is preparing a severe austerity programme which will cut 1m jobs from the bloated state sector in an attempt to rescue the collapsing economy and to control inflation, which is rising at an annual rate of more than 700 per cent a year.

The emergency measures will cut state sector employment by a third, according to officials close to the country's central leadership. It is the first real indication that the economic reformers who replaced the ageing gerontocracy at the head of the Communist Party in December, are in full control.

The economic plight of the country is a complicating factor in attempts by Western governments to persuade Vietnam to end its Soviet-backed occupation of Kampuchea. Sir Geoffrey Howe, the British Foreign Secretary, yesterday visited a refugee camp in Thailand for Kampuchean refugees and urged Moscow and Hanoi to end the occupation. But he warned that he saw no hope of an early settlement.

Vietnam has 150,000 troops in Kampuchea in an occupation funded by Moscow, which gives Hanoi about $2bn a year in aid. If the occupation ends, the aid level will fall and Hanoi, already burdened with rising unemployment and a rapidly expanding population, will have to find pay or work for the 150,000 returning soldiers.

The first hint of the Vietnamese austerity programme came from Mr Nguyen Van Linh, the new Party General Secretary, who said inflation was the main cause of Vietnam's economic malaise and was caused by the huge government budget deficit.

Although inflation is officially said to be rising annually by more than 700 per cent, some officials believe the true figure is more than 1,000 per cent.

"It does not take long to realise now that inflation is the most serious problem in our economy. We should concentrate all our efforts on substantially removing the direct cause of inflation, which lies in continuous budget deficits and disorderly price increases," Mr Nguyen van Linh said.

The statement appears to have ended a heated debate in the top leadership over whether Vietnam should tolerate several years of high inflation while taking direct means to increase production or whether it should take urgent steps to bring the economy under control.

The new policies outline extensive reforms in economic management and pave the way for allowing the private sector to absorb some of the jobs lost on the government payroll.

The state investment budget will be slashed by a third. Items such as dams and bridges which produce few quick economic returns will be first to go. Jobs will be squeezed throughout the state administrative and production system although there is some anxiety about possible adverse reaction in urban areas where there is a concentration of state employees.

Officials say the programme will be implemented gradually, starting in June, after the newly-elected National Assembly convenes in Hanoi and formally approves a new cabinet, including a replacement for the aging veteran Prime Minister, Mr Pham van Dong.

Political observers say that Mr Nguyen Co Thach, the Foreign Minister who was recently promoted to be deputy chairman of the Council of Ministers, has been tipped to become the next Prime Minister. His appointment would be seen as further confirmation of Vietnam's recent efforts to reform the economy and to open up to the West.

The new reformers forced the old guard out in December, extracting admissions that they had been responsible for the world's 12th largest nation becoming one of the poorest.

The new measures will protect the economic interests of farmers, who will receive cash incentives to bring more food to market.

Cities will be authorised to establish food marketing and processing corporations that could cross over administrative boundaries to buy and sell food on a commercial basis. Private individuals would be authorised to set up transportation businesses to bring food to market.

The urgency of the new rules has been underlined by poor harvest conditions in the central and northern provinces, which are expected to put a severe squeeze on urban food supplies. Supply and distribution of goods has deteriorated badly in the past two years.

The measures give further protection to co-operative and family businesses that operate outside the state plan by allowing them to sign supply and sales contracts with state enterprises, and guarantee supplies at official prices. Private businesses could retain foreign exchange earned from exports.

The announcements extend nationwide the official sanctioning of second jobs for state employees

Soviet Union puts forward new draft nuclear arms pact

BY OUR FOREIGN STAFF

MR ALEXEI OBUCHOV, the chief Soviet negotiator on intermediate nuclear forces (INF), returned to Geneva yesterday with a draft treaty for the elimination of Soviet and US long range INF weapons and instructions to conclude a deal with the US this year.

Mr Obuchov told reporters at the airport that Moscow's draft treaty, which is a reply to a US draft tabled last month, provides for a "linkage" with shorter range nuclear arms (500–1000 kms), but did not explain further. The INF talks would begin on Thursday and separate talks on strategic nuclear and space-based weapons would start later.

To the concern of the US's European allies, Moscow recently proposed to eliminate all long range INF forces and all shorter range INF forces, thereby exposing the Nato countries to the Warsaw Pact's superiority in conventional forces.

In Washington yesterday President Ronald Reagan attempted to counter an impression that he was moving too fast towards an arms deal by saying that he was "optimistic but realistic."

The US Administration, which is keen for a foreign policy success, is coming under pressure from arms experts in and out of Congress over its plans for an arms accord with Moscow.

Senator Robert Byrd, the Democrat majority leader, said: "I would caution the administration against racing into an agreement which is cosmetically attractive but at bottom works against the cohesion and steadfastness of the Atlantic Alliance."

Senator Robert Dole, the Republican minority leader, said "it is too early to tell" if there was broad-based support in Congress for the Soviet offer.

The preferred Nato position is for an INF treaty to include a form of words which would freeze Soviet shorter range missiles at their present levels while allowing Nato to build up its shorter range forces to match Soviet superiority.

In the shorter range category of nuclear weaponry, Nato possesses 72 Pershing 1s, while the Warsaw Pact countries have deployed 375 SS23s and 77 SS12s.

Yesterday, Mr Obuchov reiterated the Soviet offer to withdraw its shorter range missiles from Czechoslovakia and East Germany as soon as an INF agreement was signed.

The Soviet Union would also agree to eliminate "within a few months or within a year" all its remaining shorter-range missiles.

In Moscow yesterday Mr Mikhail Gorbachev, the Soviet leader, expressed guarded optimism for "ridding Europe of all nuclear weapons," during a welcome speech for General Wojciech Jaruzelski, the Polish leader. But he said he noted an "all too familiar gambit" played by the US and the West Europeans, which he described as "Ivan pointing to Pyotr and Pyotr pointing to Ivan."

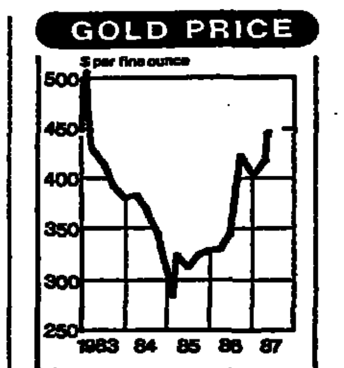
The Europeans, Mr Gorabachev said, tell the superpowers that it is up to them to settle the matter, while the US says that it is for an agreement, but has to respect the hesitations of its Nato allies.

But during his address Mr Gorbachev said the US retreated from three of its positions at last year's Reykjavik summit on strategic nuclear missiles in such a way as to harm Soviet security.

The US was proposing a return to the idea of sub-levels in strategic offensive weapons which "would lead to a breakdown in the structure of Soviet strategic forces and detract from the security of the USSR." It is believed the cuts referred to here relate to the Soviets' heavy land-based missiles which have no equivalent in the US.

Mr Gorbachev said the US wanted to extend from five to seven years the period over which a 50 per cent cut in strategic weapons would take place.

The US now proposed that it would respect the 1972 Anti-Ballistic Missile Treaty for seven years instead of the 10 year period it proposed at Reykjavik.



Gold soars to 4-year record

By Janet Bush in London

THE PRICE of gold jumped to its highest level for four years in hectic business yesterday, reflecting concern about the dollar's persistent weakness.

Foreign exchange markets were subdued as traders returned from their long Easter holiday weekends. The dollar opened weak but recovered some ground after small-scale intervention by the Bundesbank and the Swiss National Bank to support it against the yen.

In London, gold hit a high of $459 an ounce in morning trading, $20 above Thursday's closing price and its best level since February, 1983. By the close, however, the price had fallen back to around $448 an ounce as traders took profits.

The sharp morning rally was triggered by covering of short positions after the metal's strong rise in New York on Monday while European markets were closed.

Gold's current popularity reflects

Continued on Page 24

Commodities, Page 36; Currencies, Page 37; Equities, Page 48

More military unrest erupts in Argentina

BY TIM COONE IN BUENOS AIRES

PRESIDENT Raul Alfonsin of Argentina was yesterday confronted by a fresh outbreak of military unrest in the wake of the Easter weekend rebellion.

Just as the country appeared to be returning to normal following the surrender on Sunday of rebellious officers, a regiment of engineers led by a major, seized local radio and television stations in the remote northern province of Salta close to the Bolivian border.

The extent of this rebellion was not clear but the barracks commander was reported as saying that not all units at the base were supporting the mutineers.

Unconfirmed reports also spoke of unrest at the 18th Infantry Regiment in Tucuman and of renewed problems at the Campo de Mayo base on the outskirts of Buenos Aires, where President Alfonsin accepted the surrender of Lt Col Aldo Rico last Sunday – the man who emerged at the leader of last week's revolt.

The latest insurrection came hours after President Alfonsin met military chiefs to make public the talks he held with Lt Col Rico, and to put an end to speculation that he had negotiated an agreement with the rebels.

One of the demands of the rebels was that the commanding officers of the army should be sacked and the High Command restructured.

The Government has strongly denied that there was any negotiation between the President and the rebels, and that the President's meeting last Sunday with Lt Col Rico was limited to hearing their complaints and afterwards to insist on their surrender.

Over a third of the Argentine army high command will be forced to retire as a consequence of last week's rebellion, according to an unofficial list published in all the daily papers in Buenos Aires yesterday.

The Ministry of Defence would only confirm that four generals have so far been removed from their posts, although a spokesman said that "various others are under study."

There are 29 generals commanding the 125,000-strong Argentine army, and the list published yesterday named 10 who are expected to be retired as part of a wide-ranging shake-up to restore authority within the army.

General Dante Caridi, has been named as the new army chief of staff replacing General Rios Erenu, who was sacked on Sunday night. General Caridi has been promoted over the heads of two senior chiefs of staff whose early retirement has been confirmed.

So far, the three most senior officers of the army have been removed from their posts

The postponement of hearings this week in the human rights trials in the federal court of the northern city of Cordoba, on the instructions of the state prosecutor, has further fuelled suspicions that the government is still not entirely out of the crisis.

Editorial comment, Page 22

Citicorp raises payout despite $53m charge on Brazilian loans

BY WILLIAM HALL IN NEW YORK

CITICORP, parent of the biggest US bank, yesterday reported a 2 per cent drop in first-quarter net income to $264m, or $1.72 a share, but underlined its confidence in its long-term growth by increasing annual dividend by 10 per cent to $2.70 per share.

The results reflected a $53m after-tax charge resulting from the placement of $3.6bn of intermediate and long-term Brazilian loans on a cash basis. Excluding the impact of the recent developments in Brazil, the group's first-quarter net income would have risen by 17 per cent to $317m.

Citicorp was the biggest of several leading US banks reporting their first-quarter results yesterday. Among the others, Manufacturers Hanover posted a 20.7 per cent drop in earnings to $81m, or $1.88 per share, while Bankers Trust New York turned in a 7 per cent rise in earnings to $124.2m, or $1.77 per share.

Manufacturers Hanover increased its loan-loss provisions by $47.5m to $152.5m in the quarter. It said net income would have been flat compared with a year ago, or $2.17 per share, without the effect of placing $1.55bn of Brazilian and Ecuadorian loans on non-accrual status.

Bankers Trust earnings were depressed by $7.4m because of its Brazilian loans, and earnings would otherwise have risen by 14 per cent.

Meanwhile, Security Pacific increased its quarterly dividend by 21.6 per cent to 45 cents a share. Last week it reported a 12.2 per cent rise in its first quarter earnings to $96.6m, or $1.21 per share.

Mr John Reed, the chairman of Citicorp, told the group's annual meeting in New York yesterday that the environment facing Citicorp was "both hostile and promising but he was confident that "the resiliency of the financial system will be maintained."

"Uneven, and in many cases disappointing, economic growth has continued to result in difficult credit circumstances for many private, as well as sovereign, borrowers. There is too much talk of trade-wars and protectionism.

"On the other hand global inflation is at low levels and most economies have continued to grow. Worldwide liquidity is high. Here at home, the US is in its fifth year of economic recovery, a period in which we have created 15 million new jobs," said Mr Reed.

He added that there had been "progress and setbacks" on the sovereign debt issues. "The world financial system has again demonstrated its resiliency. We did not experience the often predicated systemic problems."

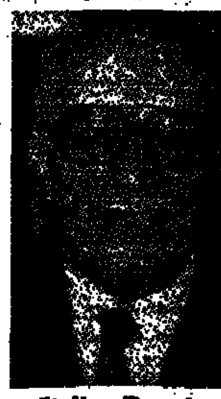
Mr Reed said that Citicorp's consumer banking had "clearly come into its own". It had demonstrated significant earnings momentum and now represented some 40 per cent of total earnings. "This is an earnings stream that did not exist five years ago," Mr Reed told the annual meeting.

"We have significantly reorientated our earnings from our institutional customer base, most specifically through building a worldwide investment banking business," said Mr Reed who noted that Citicorp's "traditional core lending activities" now accounted for only 15 per cent of the group's earnings.

"This decline has been countered

Continued on Page 24

CONTENTS



POLITICAL IN-FIGHTER TURNS ELDER STATESMAN

Italian Premier Amintore Fanfani: restoring order in the final phase of a crisis, Page 2

Metal strike looms larger in West Germany

BY PETER BRUCE IN BONN

EMPLOYER and trade union leaders were locked late yesterday in what both sides described as last chance pay and conditions talks near Frankfurt to avoid a national strike in West Germany's important metalworking sector.

The two sides, split over demands by the IG Metall union for sharp cuts in working hours, tried to find a way around strike action in talks last Thursday. They made no progress. Normally, these annual negotiations take place at a regional level. Thursday's and yesterday talks brought national leaders together for the first time.

IG Metall is campaigning for a 35-hour week, which it says can be introduced in three stages from the present 38.5 hour average. A formal arbitration process would follow the collapse of today's "summit" but Mr Werner Stumpfe, president of the employer's group, Gesamtmetall, warned at the weekend that it was unlikely that an arbitrator would be able to do any better

IG Metall staged a seven-week strike in the summer of 1984 in pursuit of a shorter working week, during which it brought the entire West German motor industry to a standstill.

Now, though, the union is under more pressure to find a compromise than it was three years ago. The West German economy is much weaker and the mechanical engineering and motor industries, which are normally heavy exporters, have been damaged by the strength of the D-Mark.

The timing is also bad for the union. It is having to swallow some 5,000 redundancies recently announced by steelmakers and its members would also have to get through school holidays which begin towards the end of June—about three weeks after a strike would become legally possible if the current talks fail.

The only other union formally campaigning for a 35-hour week—the printing industry union, IG Druck—yesterday broke off its annual negotiations with employers and called for arbitration.

Speculation in Bonn over future of Bangemann

BY OUR BONN STAFF

SPECULATION ABOUT the political future of Mr Martin Bangemann, the the West German Economics Minister, has flared again here following suggestions that he wants to become the next president of the European Commission.

Mr Bangemann is also chairman of the Liberal Free Democrats (FDP). Mr Juergen Moellemann, a party colleague and newly-appointed Education Minister, has said in a magazine interview that Mr Bangemann was "toying with the idea" of going to Brussels.

He said he had little doubt if that happened that Mr Bangemann's predecessor at the Economics Ministry, Count Otto Lambsdorff, would return to that office if it were vacated. Mr Moellemann also said he would probably stand for leadership of the party, which needed younger people at its head.

The term of office of the present Commission president, Mr Jaques Delors, expires in January 1989. Mr Bangemann, who re-entered West German domestic politics three years ago from the European Parliament, which be a popular candidate for the job in Brussels, where it is felt that a West German presidency is necessary.

He has, however, grown visibly stronger on the national scene since taking over the FDP leadership from Mr Hans-Dietrich Genscher, the Foreign Minister, in 1985. The party did well in last January's general election and Mr Bangemann has proved a cool and articulate performer under pressure.

However, he has not responded to Mr Moellemann's interview, and FDP headquarters in Bonn have tried to dampen the speculation. Mr Moellemann is a prodigy of Mr Genscher and is not that close to Mr Bangemann.

Talk in Bonn about Mr Bangemann going to Brussels has been fairly persistent for the past year, however. He is thought to be not particularly comfortable at the Economics Ministry and officials there often complain in private that he does not pay enough attention to what they tell him.

Soares consults advisers

BY DIANA SMITH IN LISBON

PRESIDENT MARIO SOARES will sound out his Council of State today on possible solutions to the political crisis caused by the downfall of the Social Democrat administration.

The 16-month-old government of Professor Anibal Cavaco Silva was brought down by a surprise left-wing censure motion sponsored by the Democratic Renewal Party (PRD), a small party headed by the former President, General Antonio Ramalho Eanes.

Frustrated by its lack of political clout and failure to rally a strong national movement behind General Eanes, the PRD seemed to hope that its defeat of the government, with the help of the Socialists and the communists, on a censure motion would give it a chance to form a cabinet.

President Soares, however, may resist the temptation to invite the left to form a cabinet and may rather dissolve parliament, ask Professor Cavaco Silva to head a caretaker government, and call a general election for July or October.

Gorbachev reforms pay dividends in farming

By David Buchan in Moscow

The economic reforms introduced by Mr Mikhail Gorbachev helped boost Soviet agricultural production in the first quarter of this year by up to 10 per cent in certain sectors, officials here claimed yesterday.

Mr Alexei Iyevlev, First Deputy Chairman of the State Agro-Industrial Committee, created in November 1985 to streamline the introduction of reforms into farming, annouced that livestock production rose by 10 per cent, milke by 8 per cent and eggs by 2 per cent in January to March, compared to the same period of 1986.

The level of Soviet grain imports would depend on domestic production and world market prices. But if the Soviet Union meets its 1987 grain harvest target of 232m tonnes "we will be fully satisfied," Mr Iyevlev said. He suggested this might reduce to a very low level foreign purchases by a country which has been the biggest buyer of surplus world grain in recent years and thus a powerful stabilising force on world markets.

But most agricultural analysts feel that Mr Gorbachev has given a hostage to fortune in departing from recent Soviet practice in just setting a generalised target over a five-year plan period by fixing a specific annual target 10 per cent above the 1986 harvest of 210m tonnes.

Thus the US Agriculture Department is not forecasting that 1987-88 imports will show any marked change on the 26m tonnes it estimates the Soviet Union will purchase in the year ending June 30.

However, Soviet officials said that the 232m tonnes target had been "precisely calculated," based on a 14m tonne increase in fertiliser output and better quality seed, and on an assumption of average weather conditions.

Mr Iyevlev said the Soviet leadership was "intensively" discussing the possibility of raising retail food prices which are heavily subsidised by the state. But he promised that the basic food prices, some of which have not been increased for more than 20 years, would not be raised without an offsetting increase in wages.

He also said that the role of family plots, which account for 20 per cent of total production on only 3 per cent of total cultivated land, would remain stable, neither reduced nor increased, in overall agricultural planning. It had been decided that private plots around village houses did not contradict "the socialist principles of agriculture."

Helgoland correction

In an article about Helgoland in Saturday's Financial Times the name of Cdr Frank Woosnam RN (Retd.) was incorrectly spelled. We apologise for the error.

Sylt resorts to its own cure for the summer wind and waves

Peter Bruce reports on the erosion threatening to destroy the chic nudist beaches of one of W Germany's most exclusive holiday addresses. Slyters have adopted their own method of protection against the sea: called beach nourishment, it is a simple but expensive process of replacing the sand

ERNST-GEORG OELLERKING, the Mayor of List, is standing at the edge of a cliff overlooking what is easily West Germany's best sand beach. In fact it must rank among the best in the world. Sylt, off the west coast of Schleswig Holstein, is a thin strip of land with a wide beach running the entire 40 km length of its western face.

"There used to be a restaurant here," he shouts above a wind that seems to blow all the time. "We had to take it down last year. Ten years ago there was another 40 metres to the edge."

A spanking new restaurant sits about 60 metres away, its walls lined with pictures of how the sea slowly drove in at the cliff face and destroyed its predecessor. How long does the new building have? Mr Oellerking shrugs his shoulders.

List, West Germany's most northerly town, along with half a dozen other similar places on Sylt, is one of the most exclusive summer addresses in West Germany. This is where "chic" Germans gather after a hard winter down in Munich or Hamburg.

Connected to the mainland by an 11 km man-made dam carrying a rail line, Sylt is so important in the top people's calendar that the Deutsche Bank, the ultimate arbiter of expensive West German taste, keeps a beach house here for board members and another for senior staff.

For about 130 years, people have been coming here for a summer (or winter) cure. The wind and waves and relatively clean air are apparently invigorating. More and more though, people come to be seen. Most of the 300,000 or so visitors this summer will use the island's numerous nudist beaches. Only 2 per cent of the visitors are foreign and most of them are Swedes.

They have about 300 years to make the most of it. The same winds and waves that bring a summer flush to thousands of naked cheeks are also destroying the island. Sylt's weak, spindly southern and northern arms are being stretched and bent back like a bow by the onslaught.

As they bend, so the centre, site of the capital, Westerland, juts out to take even more of the force of the wave attack. It is getting worse. Between 1870 and 1950, scientists measured an average attrition of about 0.9 metres a year along the west coast.

But as the polar cap continues to melt, seas have risen. The number of storm surges since the last war has doubled in both frequency and intensity. The authorities reckon the west coast has been retreating by about 1.5 metres a year since 1950. At the southern tip, near Hoernum, they say the land loss has been about 15 metres a year since 1975.

In 1907, the owner of the Hotel Miramar in Westerland decided to build a sea wall to protect his property. Walls, it was thought, would save Sylt. But the sea hammers away at their foundations and they constantly have to be repaired at vast expense.

Sylt is so important in the top people's calendar that the Deutsche Bank . . . keeps a beach house here for board members

Sylters think they have found a better way. Since 1972, whenever money is available, they have been practising "beach nourishment," which is a bureaucratic way of saying they pump thousands of tonnes of sand back on to the beaches and against the cliffs from whence, possibly, it has recently come.

There are drawbacks. The costs involved in collecting the sand by dredger 15km from the cost, transporting it to a point from which it can be pumped on to the beach and then packing it properly, are high. And it has to be repeated every few years.

In 1985 they pumped nearly 2m cubic metres of sand on to the beach in front of Wenningstedt and Kampen. It cost DM 15m (£5.08m) and already there is talk of having to do Kampen again this year.

Engineers think they can hold the bulk of the island this way. Money is a problem. The Schleswig Holstein government helps. Also, the Deutsche Bank holiday homes are in Kampen, just about the last word in nudist beaches, *Buhne 16*. If the Deutsche Bank board can't push back the waves, nobody can.

It is different in the north, near List. Mayor Oelleking drives along a road which ends abruptly. This used to be the old way to the two northern lighthouses but the sea finally ripped it away about three years ago. In 1976, in fact, the sea cut the northern end off completely at the elbow.

"The situation here is deadly serious," says Mr Oelleking. "Beach nourishment" is being concentrated on areas already built up and he worries that Syit's reputation as a rich people's paradise does not make saving it very popular with state or federal politicians. "Ordinary people live here too," he says.

About 25,000 people, in fact, live on the island and off the tourists. For the most part, they are philosophical about their vanishing homeland. "There's nothing we can do about it," comments one young islander.

European Diary

West Germany

Soviet leader for Romania at end of May

By Patrick Blum in Bucharest

THE SOVIET leader, Mr Mikhail Gorbachev, will visit Romania "in the last 10 days of May," senior Soviet diplomats said in Bucharest yesterday.

It is the first visit to Romania by a Soviet leader for more than 10 years. The last such visit was by Mr Leonid Brezhnev, the former Soviet leader, in 1976.

The diplomats said the visit had definitely been agreed, but an exact date had yet to be fixed. It will conclude a series of politically important foreign engagements for Mr Gorbachev, who has travelled to all the Soviet Union's other East European allies since he came to power two years ago.

The visit could test the régime of Mr Nicolae Ceausescu, Romania's autocratic leader for over 20 years. Mr Ceausescu has recently and repeatedly spoken against market-oriented reforms, and moves in other Comecon countries to decentralise their economies.

Romania has rigid centralised state planning and officials in Bucharest express little interest in making changes, despite growing economic problems. The economy has been severely hit by energy shortages, with negative effects on industry and exports.

European car output at record

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

CAR PRODUCTION in Western Europe last year rose by 7 per cent from the 1985 level to a record 11.6m, according to an analysis by the Automotive Industry Data (AID) organisation.

West Germany's Volkswagen-Audi group was the top European producer with an output up 7.8 per cent to 1.87m cars. The addition of Seat of Spain, now a subsidiary, took the VW group's car production above 2m for the first time.

The group's best-selling Golf-Jetta range accounted for about half the total and production at the factory in Wolfsburg on the East German border reached an unmatched 1.006m.

Fiat-Lancia, the Italian group, achieved a 22.2 per cent increase in output to 1.466m cars, a feat which helped it jump from sixth to second place in the league of European producers.

Fiat's output goes up to 1.6m with the inclusion of Alfa Romeo, the former state-owned company it acquired this year.

This put the Italian combine slightly ahead of Peugeot-Citroen of France with 1.59m cars produced, up 13.5 per cent.

Among the big manufacturers, only the Rover Group of the UK, which suffered a severe decline in sales in its domestic market, and Porsche of West Germany, experienced falls in production last year.

AID points out that the record production was mainly spurred by unprecedented demand which took total West European car sales last year to 11.5m with new peaks reached in nine of the 15 countries.

The performance reinforced Europe as the most important car production area in the world, ahead of the US and Japan.

"Automotive Industry Data Newsletter" from 34 St John Street, Lichfield, Staffs, WS13 6PB.

EUROPEAN PASSENGER CAR PRODUCTION BY MANUFACTURER

	1986	% share	1985	% share	% change
VW/Audi	1,870,287	16.13	1,734,853	16.01	7.81
SEAT	211,640	1.83	209,434	1.92	1.05
Fiat/Lancia*	1,466,000	12.65	1,199,905	11.07	22.18
Alfa Romeo	162,000	1.40	157,625	1.45	2.78
PSA	1,590,600	13.72	1,401,307	12.93	13.51
Renault	1,428,314	12.32	1,416,690	13.08	0.82
Ford	1,405,973	12.13	1,307,306	12.07	7.55
GM/Opel-Vauxhall	1,363,018	11.76	1,332,838	12.30	2.26
Daimler-Benz	591,916	5.11	537,909	4.96	10.04
BMW	432,285	3.73	431,085	3.98	0.28
Rover Group	404,454	3.49	465,104	4.29	−13.04
Volvo	413,830	3.57	397,018	3.66	4.23
Saab	126,401	1.09	111,813	1.03	13.05
Jaguar	40,880	0.35	38,378	0.35	6.52
Porsche	52,939	0.46	54,458	0.50	−2.79
Others	31,529	0.27	38,775	0.36	−18.69
Totals	11,592,066	100.00	10,834,498	100.00	6.99

*1986 estimate

Source: AID

US offer on bases dismissed by Spain

SPAIN's Foreign Minister, Mr Francisco Fernandez Ordonez, said yesterday that Washington's offer to reduce the US military presence at four bases in Spain was only cosmetic and could make Madrid harden its negotiating position on the future of a defence pact due to expire next year, Reuter reports.

He told Parliament in Madrid that the Socialist Government wanted a relationship with the US which took into account Spain's membership of Nato and the changes since the end of the Franco dictatorship.

The latest version of a 34-year-old defence pact between the two countries expires in May of next year and Spain has said it will not renew the accord unless there is an agreement on troop cuts by November.

Spaniards agreed in a referendum last year to stay in (Nato) providing national forces were outside the integrated command structure and the US presence in Spain was reduced.

Service industries employment rises

Sixty per cent of workers in advanced countries are employed in service industries such as transport, commerce and social welfare, while employment in factories and farms continues to shrink, the International Labour Organisation said yesterday, Reuter reports from Geneva. The employment rate in services in 1985 ranged from 69 per cent in Canada to 42 per cent in Portugal, while in Latin America and Asia it averaged 55 per cent.

Industry employed around 30 per cent of the workforce in developed nations, but was losing ground annually except in Japan. In Asia it provided jobs for approximately one workers in three and in Latin America one in four. The job rate in agriculture in advanced states generally ranged from 3 to 8 per cent, droppin gbelow 3 per cent in Austria, Belgium and Britain.

French want to keep nuclear weapons

More than 60 per cent of French adults believe that France should maintain its nuclear strike force even if Moscow and Washington scrap their missiles in Europe, according to an opinion poll published yesterday, Reuter reports from Paris. It also said that 45 per cent dismissed the so-called "zero option" as a trap leaving the Soviet Union with a military advantage.

The Swedish Government says it has asked Bofors, the country's biggest arms maker, to provide full details on allegations of larget pay-offs to Indian defence officials to secure an important weapons contract, Reuter reports from Stockholm. Bofors and the Indian Government have denied Swedish radio reports that $5m were paid to Indian middlemen to secure a $1.3bn contract in 1986.

Greek church takes problem to Istanbul

Four Greek bishops arrived in Istanbul yesterday for talks with the Ecumenical Patriach that may include the possibility of reunion of the Greek Orthodox Church with the patriarchate, AP reports. Bishop Christodoulos of Dimitriados said the group came to discuss a church-state dispute in Greece with Patriarch Dimitrios, spiritual leader of Eastern Orthodox Christians worldwide.

The Greek Orthodox Church has rejected as unconstitutional a law passed by the Greek Parliament giving laymen control of church finances and administration. The ruling body of Bishops has threatened to bypass the legislation by reviving allegience to the patriarchate, which is not subject to Greek law, and with which it broke in 1833.

Nazi war criminal flown to Estonia

Convicted Nazi war criminal Karl Linnas, deported from the US on Monday, was flown to Tallinn, capital of Soviet Estonia, yesterday where he was sentenced to death 26 years ago, Reuter reports from Moscow. Mr Gennady Gerasimov, the Soviet Foreign Ministry spokesman, said Linnas could appeal for mercy to the Estonian Supreme Court, which sentenced him in absentia in 1962.

John Wyles profiles Amintore Fanfani charged with restoring order to the Italian political scene

The doughty 'Professor' returns to the fray

AFTER SIX weeks of a political crisis which has fascinated some Italians, but bemused and confused nearly all, it is little wonder that President Francesco Cossiga has deployed "the Professor" to bring order and direction to its closing phase.

Amintore Fanfani, aged 79 and one of the last surviving thoroughbreds of the Christian Democrat party, is living confirmation that time can gently transform even the most pugnacious political in-fighter into an elder statesman.

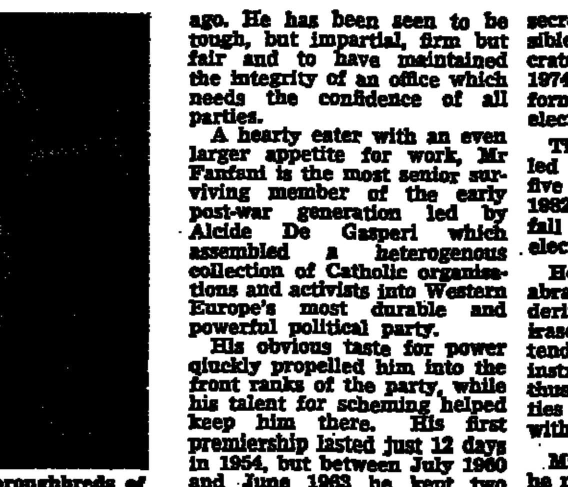
If he can pause from the many distractions of launching a government, the former economics historian could be pondering today on the apparently inexhaustible supply of novelty in Italian politics. After more than 40 years and five previous premierships, this stubby former party secretary, finds himself leading a new, albeit probably short-lived political experiment—a so-called "institutional government."

Although the government is called "institutional" it is made up of only 16 Christian Democrat and nine technocrat ministers, which explains perhaps why a furious Mr Bettino Craxi, the previous Prime Minister, remarked the other day that "the only thing institutional about this government is the presence of the Christian Democrats."

Although nothing can finally be taken for granted until his government falls and Parliament is dissolved, Mr Fanfani's task is really to preside magisterially over a general election in June.

The irony is that he owes his mandate partly to the Christian Democrats' evident decline since his leadership days when the party was still the ultimate arbiter of Italian politics, and partly to the savage deterioration in a party warfare of which he was a quality exponent from the mid-fifties to the mid-seventies.

Unable to agree on a new government to see out the final year of the legislature and even more bitterly at odds over which of their number might lead a caretaker government into an election, Italian party leaders generally accept that Mr Fanfani's stewardship offers some guarantee that public office will not be exploited to the benefit of one party or another during the election campaign.



Mr Fanfani . . . one of the last surviving thoroughbreds of the Christian Democrat Party

This degree of trust has been earned by his performance as president of the Senate, a responsibility he was first given more than 10 years ago. He has been seen to be tough, but impartial, firm but fair and to have maintained the integrity of an office which needs the confidence of all parties.

A hearty eater with an even larger appetite for work, Mr Fanfani is the most senior surviving member of the early post-war generation led by Alcide De Gasperi which assembled a heterogenous collection of Catholic organisations and activists into Western Europe's most durable and powerful political party.

His obvious taste for power qiuckly propelled him into the front ranks of the party, while his talent for scheming helped keep him there. His first premiership lasted just 12 days in 1954, but between July 1960 and June 1963 he kept two governments in office which paved the way for Italy's first centre-left governments.

His mental and physical strength carried him through many a subsequent bruising battle over party strategy and sustained him through bitter defeat in 1976 when, as party secretary, he was held responsible for the Christian Democrats' electoral setbacks in the 1974 referendum on divorce reform and the 1975 regional elections.

The last Fanfani premiership led a four-party coalition for five months between December 1982 and April 1983 and its fall was followed by an early election in June of that year.

He has always maintained an abrasive self-confidence, bordering at one time on irascible arrogance. He has tended to see himself as the instrument of a divine will and, thus fortified, has few difficulties in identifying his desires with the national interest.

Much mellowed by the years, he now wins more friends than enemies with a jokey sense of humour. But Italian politicians, even at 79, are rarely examples of all ambition spent, and the professor from Tuscany, who was once a member of the Fascist Party, may yet have a lesson or two to read to the current political generation.

Turtles lose to tourism

By David Barchard in Ankara

TIME appears to have run out for the giant turtles of the eastern Mediterranean. Within a few weeks the last beach on which they lay their eggs each spring will have been concreted over.

The sea turtles are among the environmental victims of Turkey's rush to build a modern tourism industry along shores which, until the past year or two, have remained much as they were in Classical and prehistoric times.

Egg-laying sites on the Aegean islands were destroyed by the Greek tourism industry several years ago.

Last week the Turkish Minister of Tourism, Mr Mesut Yilmaz, laid the foundations of a large tourism complex on the Iztuzu beach near Dalyan, close to the ruins of the Classical city of Caunos.

The development sparked off appeals to the Turkish Prime Minister, Mr Turgut Özal, who announced that the turtles would be saved. However, according to Turkish journalists, work on the site has been speeded up since news of the environmentalists' protest became known.

The beach at Iztuzu is thought to be one of the very last turtle beaches surviving in the Mediterranean, though it is possible that one or two are left in Morocco and Libya.

The Turkish Government has been under pressure for some time to protect seals along its coasts, and many tourists in the Aegean complain that it now contains much less fish life than it did a few decades ago b

Finnish coalition negotiations set for compromise

BY OLLI VIRTANEN IN HELSINKI

FINLAND IS heading for its own version of an historic compromise as talks between the Conservative Party (Kokoomus) and the Social Democrats on forming a coalition government shifted into a high gear yesterday.

The two parties agreed on the main issues of a common agenda and consequently President Mauno Koivisto asked the mediator, Mr Harri Holkeri, to officially prepare a coalition government. Mr Holkeri will also meet representatives of smaller parties—the Swedish People's Party and the Rural Party—today in an effort to compile a four-party cabinet.

If the proposed coalition materialises it would create a unique situation in Finnish politics. Not only would it mean a link between conservatives and socialists but it would also leave the Centre Party, the third major political force in Finland and the moderate party in the centre of the political spectrum, in the opposition.

The four-party government would have a total of 131 seats in the Parliament of 200, leaving it just two seats short of the two-thirds majority needed to pass most of the important laws. But the proposed government could probably rely on the Greens (four setats) and the Christian League (five seats)

Negotiations between the Swedish People's Party and the Conservatives began some 10 days ago when a coalition between the three biggest parties, including the Centre-Party became impossible. Mr Holkeri, the Conservative candidate for presidential elections in 1988, was named a mediator in a surprise move by President Koivisto, who apparently did not want to polarise the nation with a purely non-Socialist government

Bulgaria fears drought effects

AN ACUTE drought in Bulgaria is expected to lead to a damaging "chain reaction" through the economy according to the official Bulgarian press, writes Leslie Colitt. The drought, which began in 1984, led to widespread energy problems and agricultural losses in 1985 which forced the authorities to import fodder grain from the West.

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OVERSEAS NEWS

Arafat's triumph a setback for Syria

BY TONY WALKER IN ALGIERS

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation, has had little to smile about since his final expulsion from Lebanon in 1983 at the hands of Syrian-backed rebels of his own Fatah mainstream organisation.

But in Algiers this week, the PLO chairman has appeared jubilant over the reunification of the PLO's biggest factions under his leadership at a meeting of the Palestine National Council, the Palestinian parliament in exile.

The reconciliation of Mr Arafat's Fatah faction with those of the Marxist Democratic Front for the Liberation of Palestine and the hard-line Popular Front for the Liberation of Palestine of Dr George Habash adds significantly to the PLO chairman's credibility in Arab forums.

It is also a setback for Syria which has sought to undermine Mr Arafat's leadership of the PLO and even to eliminate him altogether. The PFLP and the DFLP are Damascus-based and have, to a degree, been under Syrian tutelage.

A Western observer described this week's proceedings in Algiers as an "enormous victory" for Mr Arafat. He said that both Jordan and Syria had helped in a negative way to push squabbling PLO elements towards reunification.

King Hussein's decision in early 1986 to suspend joint peace efforts with Mr Arafat cleared the way for the formal abandonment of the Amman accord the two men had signed in February, 1985.

Abrogation of the Amman accord was one of the conditions laid down by hardline PLO groups as the price of reunification with Fatah which accounts for about 60 per cent of the guerrilla organisation.

Syria's support for the Shia Amal militia in its onslaught against refugee camps in Beirut created demands among Palestinians inside and outside the occupied territories for a reunification of the divided PLO.

Palestinian officials say that Lebanon remains a serious potential cause of tension and possible conflict between the PLO and Syria. A PLO with a unified political and military programme may be more difficult for the Syrians to control.

Syria must be concerned, observires say, about the PLO's tactical alliance with the pro-Iranian Hezbollah "Party of God" in Lebanon.

Mr Arafat has had to make limited concessions to achieve reconciliation with oppontents in the PLO. The PFLP has been pushing for a hardline resolution in effect banning official dealings with Egypt, but Mr Arafat is insisting lines of communication be kept open. A compromise is likely.

Mr Arafat is certainly in a stronger position to project PLO demands at a possible Arab summit to be held later this year. A unified PLO is also better equipped to participate in preliminary discussions about a proposed Middle East peace conference.

Arafat: jubilant

Howe starts visit to neglected friends

BY CHRIS SHERWELL IN SYDNEY

BRITAIN takes an important step today towards countering neglect of traditional friends after its long pre-occupation with Europe and southern Africa with a visit to Australia and New Zealand by Sir Geoffrey Howe, the Foreign Secretary.

Two years ago Mrs Margaret Thatcher, the Prime Minister, sought to do the same with a visit to South-East Asia. She left out Thailand, a point not missed at the time, and Sir Geoffrey's stop in Bangkok further helps to fill the gap.

Britain, though still a leading investor in Australia and New Zealand, has seen it general influence there weaken at the expense of the US, Japan and South East Asia.

Sir Geoffrey will discover first hand that shifts in global trading relationships and increasingly complex security considerations have altered both government and popular perceptions of Australia's and New Zealand's place in the world.

Both Australia, where he arrives today, and New Zealand, which he visits from Saturday to Monday, are considering important defence purchases so Sir Geoffrey will duly promote the British cause. But most meetings will focus on more wide-ranging issues.

At the most important, with Mr Bill Hayden, Australian Foreign Minister, two issues will dominate: Canberra's initiative to liberalise international trade in farm products, and Britain's decision to join the US and France in refusing to sign the South Pacific nuclear-free zone treaty.

The agricultural initiative, launched by Mr Hawke earlier this year, reflects Australia's leading role in the so-called "Cairns group" of countries producing farm products with minimal subsidies.

It seeks to reduce the gap between international market prices for farm goods and administered internal prices, through frozen subsidies, reduced support prices and quarantined stockpiles.

As the European Community is perhaps the West's biggest and most heavily protected agricultural trading bloc, and Britain one of its most influential members. Sir Geoffrey is a natural target for Australian attention.

The same is true of New Zealand which, like Australia, is fighting for markets for its products.

He will also listen to Australian and new Zealand complaints at Britain's refusal to sign two protocols to Spinfizz, the South Pacific nuclear-free zone treaty agreed in 1985.

A fresh dimension to the regional security debate has, meanwhile, emerged from Fiji, where a centre-left opposition coalition committed to a New Zealand-style anti-nuclear policy swept the pro-Western ruling party from power in a general election earlier this month. Sir Geoffrey is to make a refuelling stop in Fiji on his way back to Britain.

For Britain and the US, the underlying concern focuses on Soviet intentions in the region as Moscow continues its controversial efforts to secure fishing rights in the region.

Grenade kills South African police trainee

By Anthony Robinson in Johannesburg

A TRAINEE black policeman was killed and 67 others injured yesterday when black men in a speeding pick-up truck hurled a grenade over a security fence and into a Soweto municipal police training ground. Six hours later a bomb exploded in a parked car in a white Johannesburg suburb close to the railway line to Soweto which has been the target of fire bombing and stone throwing over the last two weeks.

Over 60 suburban railway passenger cars have been damaged by stoning or arson which has accompanied a six-week strike by over 18,000 black railway workers. The strike began over disciplinary action taken against one black railway delivery driver.

● Mr Joe Slovo, secretary-general of the South African Communist Party, has resigned from his post as chief of staff of Umkonto we Sizwe, the military wing of the African National Congress (ANC), Victor Mallet reports from Lusaka. Mr Slovo said it was difficult for him to do both jobs at the same time.

● Mr Milimo Punabantu, Zambia's Minister for Information, said yesterday South Africa had issued its second threat to the black frontline states this month, accusing them of harbouring ANC guerrillas and warning them of possible retaliation.

Iran hint of help over hostages

BY RICHARD JOHNS

IRAN would be prepared to mediate with Shia elements in Lebanon holding eight American citizens hostage if the US released assets frozen at the time of the rupture in relations between the two countries in 1979, one of Iran's most powerful leaders said yesterday.

Mr Hasheni Rafsanjani, Speaker of the Majlis (parliament) told a press conference in Tehran on Monday that Iran would not open a dialogue with the US until Iran's claim was settled, the official Islamic Republic News Agency reported. Including money in escrow accounts subject to arbitration, it involves about $4bn.

He also expressed the strongest reservations about US support for Israel saying that, if Washington wished to maintain this policy, "it hardly would be able to have relations with Iran."

Nevertheless, Western diplomats saw his remarks as basically conciliatory. They could have been prompted by the willingness shown by both the US and the Soviet Union to give a measure of protection to Kuwait's oil traffic—the particular target of Iranian attacks in the Gulf—in recent weeks.

Mr Rafsanjani was quoted as saying: "We do not think that Tehran-Washington relations should remain cut forever." They were ruptured when Iranian radicals seized the US embassy in Tehran.

Chinese-Soviet talks reflect 'improvement'

Qian Qichen, China's delegate to talks to normalise relations with the Soviet Union, returned yesterday from a round of Moscow negotiations that, he said, reflected the "continuing improvement" in ties between the two Communist giants, Robert Thomson reports from Peking.

Diplomats said that although Qian had emphasised that there had been "no major progress" made during the talks, he was more enthusiastic than Chinese officials have been after past rounds.

Death toll rises in Pakistani rioting

THE BODY of a policeman was found in Karachi yesterday, lifting the death toll from three days of ethnic riots to 17, Reuter reports from Karachi.

Police fired teargas in three eplaces to disperse stone-throwing mobs, but Pakistani government officials said no serious rioting was reported yesterday.

Troops with orders to shoot troublemakers on sight patrolled five riot-hit districts of the sprawling port city, forestalling direct clashes between the rival Pashtun and Mohajir communities.

Small crowds blocked roads and threw stones at police and passing cars at three sites in the volatile suburb of Liaquatabad and in Shah Faisal Colony near Karachi airport. There were no reports of casualties.

Doctors said more than 200 people had been treated for injuries, mainly gunshot wounds.

The recovery of the body of the policeman and the death of an injured man in hospital raised the number killed in Karachi since the latest clashes erupted on Saturday night to 16.

One person was also killed in the city of Hyderabad, some 175 km to the north-east. Police sources said at least 150 people have been arrested in the two cities, which both have large Mohajir communities.

The Mohajirs, Moslems who migrated to Pakistan from other parts of the sub-continent at partition in 1947, have a history of bloody rivalry with the Pashtuns, from north-west Pakistan and neighbouring Afghanistan.

More than 200 people have been killed in clashes over the past six months.

The latest violence, which followed three months of relative calm, began when Pashtuns squatting in the suburb of Surjani attacked a Mohajir community in New Karachi on Saturday night.

The Mohajirs had been demanding the eviction of the Pashtuns, who illegally occupied houses and land in Surjani after their homes in the notorious drug – and arms – smuggling centre of Sohrab Goth were bulldozed in December.

Israel threatens retaliation over rocket attacks

MR YITZHAK Rabin, the Israeli Defence Minister yesterday said Israel would take retaliatory measures to counter a wave of Katyusha rocket attacks from Lebanon and increased Palestinian guerrilla activity along the northern border, Reuter reports from Jerusalem.

"(The attacks) are not acceptable and we will have to take measures to reduce them. What the measures are, I am not going to tell you," he said after a weekly cabinet meeting.

In the last two days, nine Katyusha rockets fired from Lebanon have landed in Galitec, in northern Israel, causing damage but no casualities, security sources said.

Mr Rabin said he believed Palestinians, rather than Shia Moslem guerrillas, were responsible for the rocket attacks.

On Sunday, three Palestinian infiltrators and two Israeli soldiers were killed in a clash near a kibbutz in northern Israel.

He pledged Israel would take stronger action inside its self-declared security zone in south Lebanon if the attacks continued. Israel established the buffer area when it withdrew the bulk of its forces from Lebanon in 1985.

"Our activity will be reduced if terrorist activities will be reduced. Our activity in the security zone will be increased whenever terrorist activities are increased," he said.

The cabinet discussed the recent incursion in its weekly meeting and released a statement that quoted right-wing Prime Minister Yitzhak Shamir as saying: "The government will do its utmost to assure the security of the Galilee."

Manila continues raids on communist rebels

A JOINT force of about 1,000 Philippine soldiers and paramilitary troops battled rebels yesterday 15 miles north of Manila in the third day of a government drive against communist insurgents, AP reports from Manila.

Twenty New People's Army guerrillas had been killed since the military sweep began on Sunday in Bulacan Province, according to a senior military source.

Advancing soldiers also uncovered weapons, medicine and clothing at the base, plus various "subversive documents," including a list of four mayors and eight other local officials targeted for assassination.

In a briefing on the central Luzon fighting, a military source said the operation began Sunday when troops overran a rebel training camp in the mountain forests near the town of Dona Remedios Trinidad.

Two Sikorsky helicopters armed with machine guns and rocket launchers then blasted rebel positions in the nearby hills

New conviction against former Tunisian leader

MR MOHAMED Mzali, the former Tunisian Prime Minister has been sentenced in absentia to 15 years hard labour, his third conviction since fleeing the country in disgrace, Reuter reports from Tunis.

The national news agency said Mr Mzali was convicted of embezzlement and mismanagement of public funds during his six-year term of office. He was dismissed last July by President Habib Bourguiba.

The court also imposed fines and damages totalling dinars 691,550 ($865,000) and ordered all Mr Mzali's property in Tunisia confiscated.

Mr Mzali fled into exile after his dismissal and now lives in Switzerland.

Last October he was sentenced to one year in jail for leaving the country illegally, and on December 24 he was sentenced to three years for insulting and defaming the head of state.

AMERICAN NEWS

Brazil prepares to cap bank loan margins

BY IVO DAWNAY IN RIO JANEIRO

THE BRAZILIAN Government is poised to take action against the high spreads being charged by domestic banks on their loans.

This is the first of a series of moves aimed to lower interest rates, now running in excess of 500 per cent a year.

According to Mr Dilson Funaro, the Finance Minister, charges on loans have increased from an average 6 per cent to 13 per cent and more during recent weeks.

Regulations are now being drawn up to cap the margins, which have swelled bank profits substantially since inflation began a resurgence at the beginning of the year.

Further action is also expected by the Government to aid small and medium-sized companies and farmers, many of whom have been reduced to near bankruptcy by the rapid deterioration in the terms of borrowing.

Thousands of small businesses that took out loans at attractive rates last year, when inflation was notionally near to zero, have been forced to sell capital equipment at knock-down prices to meet charges. Meanwhile, farmers have been unable to meet payments on loans.

Interest rates for large blue-chip companies are at about 500 per cent, but smaller borrowers face annualised rates of up to 1,000 per cent.

The downturn has also had a devastating impact on the finances of many of the heavily indebted states in the Brazilian federal structure. The north-eastern state of Bahia, for example, which holds debts of about 42bn cruzados (£1.8bn), has had to borrow Cz 400m in the financial market, at rates close to 1,000 per cent, in order to meet thet wage bill of its 300,000 officials.

Several states are now pressing the federal government to roll over their debts, in return for commitments to eliminate their operating deficits. The Central Bank has already had to send managers to five state banks, in an effort to balance their books.

Despite widespread gloom throughout the private sector over the state of the economy, a recent government survey claims that industry continued to grow during February, lifting output by 3.5 per cent compared with January.

The report, by the IBGE statistics institute, measured industrial production as up 12.2 per cent, against the equivalent period last year. One explanation for the surprise result is that companies are still restocking after heavy demand at Christmas.

Unofficial estimates have calculated a 15 per cent erosion in the average wage-earner's purchasing power since the resurgence of inflation in January.

Accumulated inflation in the first quarter was 52.3 per cent, and interest on savings accounts rose last week to 15.08 per cent a month.

Defence profits attacked

DEFENCE contractors are making millions of dollars in excess profits by withholding information from the US Defence Department about costs of building weapons, according to a report by a House of Representatives Committee.

The Government Operations Committee listed nine main defence contractors, which made more than $14m (£8.7m) in excess profits, it said.

The report follows hearings by the panel last autumn. It says contractors are not providing all the cost information they should, under the 1962 Truth in Negotiations Act.

The nine companies said their companies had not yet seen the report, or they were unavailable for comment.

The companies involved in the most recent report are Boeing Aerospace, Boeing Vertol, General Motors-Allison Gas Turbine, General Motors-Detroit Diesel, Honeywell Defense Systems, Hughes Aircraft, Lockheed Missile Systems, Martin Marietta, Pratt & Whitney, and Texas Instruments Equipment Group.

AP-DJ

Plan to drill for oil in Alaskan wildlife area

By Nancy Dunne in Washington

Mr Donald Hodel, the US Interior Secretary, yesterday urged Congress to permit oil drilling in a portion of an Alaskan wildlife refuge, so as to reduce US dependency of oil imports.

He said it would be better to permit drilling now, so that a sensible plan may be devised to protect the environment, rather than wait until an emergency occurred later.

The Secretary emphatically denied reports by conservationists that the Alaskan oil pipeline has damaged the environment.

The plan to drill on 1.5m acres of the 19m-acre Arctic National Wildlife Refuge's coastal plain was presented by Mr Hodel at a news conference on Monday. The Interior Secretary has warned repeatedly of excessive dependence on oil imports from the Organisation of Petroleum Exporting Countries.

However, draft legislation to permit drilling faces strong opposition in Congress, particularly from Mr Morris Udall, chairman of the House Interior and Insular Affairs Committee. He has introduced legislation to designate the entire refuge as a wilderness area, which would forbid exploration.

The refuge is in north-eastern Alaska, about 65 miles from oil-rich Prudhoe Bay. The oil industry says the area is the best on-shore prospect for a giant pool of oil to bolster the country's declining reserves. In the current economic climate, the oil industry says, it can afford to drill only where the chances of big finds are high. However geologists at the Interior Department have said there is only one chance in five of discovering significant oil reserves in the wildlife refuge. They estimate the size of the reserves at 600m to 9.2bn barrels.

Mr Brock Evans, a vice-president of the National Audubon Society, which campaigns for wildlife preservation, said the refuge was the only place in North America—and perhaps on the planet — with such a combination of magnificent scenery and so large an expanse of undisturbed wilderness.

Barbara Durr reports on a temporary defeat for the Mao-inspired Shining Path rebels

Fragile calm as Peru's guerrillas go to ground

SUDDENLY, after more than two years of violence, Peru's southern Andean department of Puno has quieted. But its calm is fragile.

The fanatical Maoist guerrillas of Shining Path, who opened a new front in Puno in 1985, have been forced to withdraw. It is a significant, if temporary, defeat. Puno is propitious terrain for Shining Path. The region is one of Peru's most backward, where there is one doctor for every 30,000 inhabitants and where the peasantry has fought a long, bitter struggle for land reform.

Over the past year, the Government of President Alan Garcia has pursued an exceptionally intelligent social and military strategy against Shining Path in Puno. Mr Garcia decreed a new distribution of land to rectify a badly botched land reform in 1968, when the left-wing military government of Gen Juan Velasco gave 90 per cent of the land to only one-fifth of the peasant population. Last July, President Garcia promised 1.1m hectares to Puno's peasants, some 620,000 of which have been handed over, according to the Office of Agrarian Reform.

This move pacified an increasingly militant peasant movement and undercut Shining Path's attempts to take advantage of discontent.

In Puno, the rebels had for the first time tried to insert themselves into an existing, organised movement. They destroyed a number of private haciendas that had been converted into 44 stockbreeding co-operatives and, in Robin Hood fashion, distributed stolen cattle to the peasants.

The Government's initial military response was increased police repression, some of which has been very effective. But the police, often brutal and corrupt, were also indiscriminate in their attacks, leaving the peasants to fear them more than Shining Path.

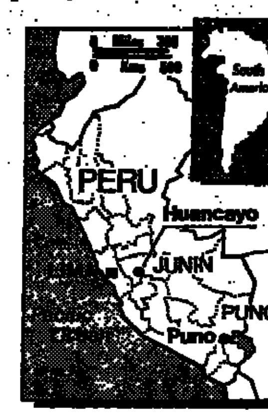
During 1986, according to Mr Rudecindo Bautista, president of the Peasant Federation in Puno's province of Melgar, the peasants were caught in a cycle of violence. Following each action or movement by Shining Path through the area the police cracked down, but it was the peasants, not the fleeing guerrillas, who paid the price.

Special force

At the same time, the guerrillas threatened the peasants. "The Government and the co-operatives' bosses think we are with Shining Path. But that's not the way it is: Shining Path tells us 'If you betray us, it's death'," Mr Bautista said.

As of January this year, however, Mr Garcia has placed a newly-organised special anti-terrorist police force in Puno. Under a single command, it combines specialised personnel from three police corps and an intelligence organisation known as UTA (Unidad Tactica Anti-Terrorista). Headed by Gen Adolfso of Cuba, a shrewd police intelligence officer, it is giving the Government's military strategy a much more sophisticated and decidedly brutal touch.

The guerrillas' setback in Puno cannot, however, be completely attributed to the Government.



The influential liberal Catholic Church has vociferously denounced violence by the police as well as by the rebels. It has also firmly backed the peasants' fight for land.

The left opposition party, Partido Unido Mariateguista (PUM), also has a strong base in Puno, particularly among peasant organisations. Its local leaders have worked carefully on land reform and they see Shining Path as provocateurs who bring police repression. Mr Ricardo Vega, for example, who has helped organise peasant marches and land seizures, says: "Our aim is to pull the rug out from under Shining Path." For his efforts, Mr Vega's life has been threatened by the guerrillas.

PUM and the ruling party, Apra (American Popular Revolutionary Alliance), wage their own species of war for political control of Puno. Local Apra leaders accuse the PUM of being the legal arm of the rebels, or at least pro-Shining Path. (Notably, the UTA commander does not share this opinion). This tag, however, larded with generous government giveaways last year, helped Apra win the department's mayoralty, unseating the PUM.

PUM's national congressman for Puno, Mr Alberto Quintanilla, says Apra makes the mistake of painting the democratic left, the liberal Church and Shining Path with the same brush. He accuses Apra thugs of 12 bombings last year against his party and the Church. Catholic activists back his claim.

The guerrillas' aim is to provoke repression and undermine Peru's democracy. Despite their relatively small and ill-equipped number—on which there are no official estimates—they seek direct confrontation with the armed forces. They calculate that, in a polarised situation, peasants and workers will rally to their cause.

Since 1985, whenever Puno's peasantry has mobilised for marches and land seizures, Shining Path has seized the advantage and offered armed support. Now, Puno could again offer an opportunity for the guerrillas. Many peasant communities who are still waiting for government land or who are unhappy with their share, are becoming militant once more.

Elsewhere in Peru, there are other tests of rebel strength. In the department of Junin, in the Andes east of Lima, Shining Path has regularly set off bombs in the departmental capital of Huancayo and murdered top regional government officials, most recently the chief of the Junin Development Corporation. So far, the Government has refused to declare a military state of emergency in Junin.

Trade unions

In Lima, already under military control for more than a year, the guerrillas' bombing campaign continues unabated. On March 31, 13 bombs went off in a single day. In addition, and parallel with its approach to peasant organisations in Puno, there is evidence that the guerrillas are attempting to elbow into trade unions, the traditional territory of the democratic left. In one recent union dispute, rebels killed the company's industrial relations chief.

Although President Garcia has managed to allay the guerrilla war with tougher crackdowns and record economic growth of nearly 9 per cent in 1986, Mr Raul Gonzalez, one of Peru's experts on the rebels says: "Shining Path continues to have the political initiatives and, for a group like Shining Path, that means they are winning the war."

GOVERNMENT RULES LIKELY TO OPEN WAY FOR LARGE VOLUME OF BUSINESS

Venezuela fixes debt equity swap regulations

BY JOSEPH MANN IN CARACAS

THE VENEZUELAN Government has issued basic norms to cover the use of debt equity swaps for public sector foreign debt, and the capitalisation of private sector foreign debts.

Investors have been waiting for months for official action on such swaps, which are being used in Chile and Mexico. Debt capitalisation transactions had been approved here on a limited scale, but swaps had not been allowed at all.

The new rules are expected to open the door to a substantial volume of swaps, especially for foreign investors.

The Venezuelan Government has foreign debt of about $25bn (£15.5bn).

Under a debt equity swap, an investor (usually outside the country) purchases Venezuelan public sector foreign debt at a discount from a financial institution, and may sell it to Venezuela's Central Bank at a lower discount, or none at all.

The investor then receives local currency to be invested in an approved project in Venezuela, and the Government retires the debt involved.

The buyer of the debt can realise a substantial profit, albeit in Venezuelan currency.

In the case of debt capitalisation, a local company with foreign debt converts this into equity.

The new Venezuelan rules for the establishment of a special committee to review applications for swaps. The chairman will be the Finance Minister. Other members will be the Development Minister, the Central Bank chairman, and the Foreign Investment Superintendant.

The rules contain limitations on profit remittances and re-exportation of capital when foreign companies are involved in swaps. Profit remittances must be limited to a maximum of 10 per cent of the new foreign investment for a period of three years, for instance.

The government wants to encourage the use of swaps in areas such as import substitution, non-traditional exports, companies in danger of bankruptcy, and in various specific economic sectors — agriculture, agro-industry, highway and railway construction, cheap housing, aluminium, electronics, transportation, chemicals and petrochemicals.

Still undefined officially are two important points: the exchange rate to be used in debt equity swaps and the rate at which government debt will be redeemed by the Central Bank. These points should be resolved soon.

WORLD TRADE NEWS

Japanese in beer venture for Canada

By Robert Gibbens in Montreal

KIRIN BREWERIES, Japan's largest brewer, is set for a joint venture with Molson Company of Canada to produce Kirin beers in Canada for the North American market.

The venture plans to use Molson's Montreal brewery to produce canned and bottled Kirin beer for distribution in Canada and in the north-eastern US market.

Molson's Montreal brewery, recently expanded, is one of Canada's largest and already exports significant amounts of Molson beers to the US. Molson has been the leading exporter among the three major brewers in Canada.

Molson has about 30 per cent of the domestic market, where it runs second to John Labatt.

Kirin has a long-standing link with the Seagram company of Montreal, the world's largest distilling group, through a joint venture in Japan. This makes and markets Seagram and Kirin whiskies.

Canadian brewers are struggling to adapt to the potential threat that a Canada-US free trade agreement may pose.

Molson said later it had been discussing links with Kirin for several months, including licensing and technical exchanges, but "nothing has been finalised yet." However, a spokesman said an agreement between the two companies is possible shortly.

Danish shipyard wins E German ferry contract

By Hilary Barnes in Copenhagen

DANYARD, the shipyard division of Denmark's Lauritzen shipping group, has won an order from East Germany for a combined rail-car ferry which will be used between the Swedish port of Trelleborg and Sassnitz in East Germany.

The ship which will be built at the Aalborg yard for delivery in 1988, is the first major order the yard has received for two years.

The value of the contract is thought to be about DKr 400m (£35.9m).

The ferry will be able to carry 800 passengers and 56 rail cars, plus 24 lorries or 130 cars.

Ample reserves of coal have not deterred Jakarta from looking at alternatives, John Murray Brown reports

Indonesia takes cautious step towards nuclear power

INDONESIA takes a hesitant step towards the nuclear threshold next week when five foreign companies submit preliminary bids to construct the country's first commercial reactor.

The nuclear issue may not generate the public anxiety prevalent in Europe, but any decision will nevertheless prove a thorough test for President Suharto, for whom political consensus — in appearance, at least—remains a cherished principle.

More particularly the nuclear green light will be seen as a feather in the cap of Dr Jusuf Habibie, long considered a presidential favourite since resigning his directorship with Messerschmitt - Boelkow - Blohm (MBB), the West German aircraft manufacturer, in the early 1970s to head the Ministry of Research and Technology in Jakarta.

At a time when the country faces its worst recession in 10 years, the anti-nuclear lobby spearheaded by the electricity utility PLN is expected to focus on the cost of the project, estimated at $3bn for a 1000 MW pressurised water reactor (PWR) — the type proposed by Framatome, the French nuclear plant manufacturer, Mitsubishi, Westinghouse of the US, and Kraftwerke Union, the wholly owned subsidiary of Siemens AG of West Germany. Atomic Energy of Canada is offering the more expensive Candu heavy water reactor.

Opposition on environmental grounds, often the undoing of the nuclear case elsewhere, is likely to be muted while the military-backed government keeps a firm grip on both Press and television.

Earthquakes

But many Indonesians privately voice concern at plans to site the reactor at Mt Muria on Java, a volcanic island of more than 90m inhabitants, prone to periodic earthquakes, where violations of building regulations are commonplace.

In other ways too, Indonesia's nuclear debate is different from that raging in Europe. It's non-unionised labour force has no political muscle and Indonesia has vast untapped resources of fossil fuels. Coal reserves, for example, are conservatively estimated at over 20bn tonnes, but coal accounts for less than *1 per cent of power generation.* Oil and gas supply the lion's share of the Java grid, projected at more than 7000 Mw by the year 2000.

The electricity utility PLN calculates that, given a 6 per cent increase in coal prices over 15 years, a PWR cannot compete with a coal-fired power plant in meeting the nation's energy needs, growing by 10 per cent annually.

Perhaps more important, the World Bank, Indonesia's main aid donor, reached a similar conclusion in a confidential report last September. That report is sure to be required reading for the commercial banks and government export credit agencies asked to finance the project under a build-operate-transfer (BOT) agreement. Under the agreement the contractor recovers costs from the electricity utility, running the plant for up to 15 years. A similar BOT nuclear plant in Turkey is beset with costing problems.

Habibie: pioneer of nuclear venture

Some believe Indonesia's nuclear ambitions may yet founder through lack of finance. "The Government has misread the signs from the market," said one banker in Jakarta, citing the example of the Philippines where a $2bn 620 Mw PWR built by Westinghouse is draining the country of about $120m in annual interest payments.

The recent announcement that Framatome and KWU are to join forces on the project is seen as a late bid to secure better credit facilities at a time of shrinking orders for the nuclear industry the world over.

The scientists of BPPT are pragmatic as ever, much like consumers deciding on the latest range of hi-fi. The ministry has a vested interest in pursuing the nuclear option: BPPT's funding has remained largely untouched as the country comes to terms with budget austerity in the face of reduced earnings from oil, its main export.

Batan, its nuclear arm, has already invested more than $300m in a 30 MW research reactor near Jakarta, which President Suharto is due to open later this year, adding further fuel to the nuclear debate.

For anyone visiting the plant the sight of technicians in protective clothing alongside barefooted coolies offers a sobering picture of technology confronting the third world. Just how much technology is actually transferred under such a project is a moot point.

Patrol frigates

However, Dr Habibie sees it as the foundation of the country's home-grown industries, whether assembling F16 jets at the factory at Bandung under offset terms with General Dynamics, constructing the latest generation of patrol frigates at the PT Pal shipyards in Surabaya, or installing a nuclear power plant.

He dismisses those who "re-invent the wheel" and who insist on a gradualist approach to industrialisation at a time when only 30 per cent of people in the capital of Jakarta have drinking water.

A final decision on the nuclear plant, although perhaps months away, will depend much on President Suharto. According to his earlier statements the choice is between "progress and the status quo."

US order hits Israeli aircraft industry

By Andrew Whitley in Tel Aviv

THE Israeli defence industry has suffered a setback with the announcement that the Honduran Government has opted to buy revamped Skyhawk fighter aircraft from the US, in preference to the Israeli-developed Kfir.

The deal, valued at $200m (£142m) would have been one of the largest for the state-owned Israel Aircraft Industries (IAI).

Israel supplied 12 locally-made Super Mystere jets to the Honduran Air Force during the 1970s and had high hopes of winning the replacement order.

Between 12 and 15 Kfirs, a variant on the French Mirage-III, are believed to have been on offer to Honduras, in competition against a package of 24 F-5E McDonnell-Douglas Skyhawks.

IAI's sales effort fell foul of an internal wrangle within the Reagan Administration, in which US commercial interests and regional strategic considerations came into play.

While the Pentagon and State Department are reported to have favoured—indeed supported—the Israeli bid, the opposition in Washington is said to have concentrated its fire on the proposal partially to finance the Kfirs' purchase with US aid to the central American country.

The Kfir is powered by a Pratt and Whitney engine and thus requires a US export licence for third-party sales. Only once before, in the case of Ecuador 10 years ago, has this been granted.

Confirming the decision to opt for the cheaper Skyhawk, a Honduran military spokesman blamed "technical details" for the failure to go through with the Israeli purchase. He did not elaborate, but is thought to have been alluding to financing difficulties.

IAI would not comment yesterday on the outcome of the negotiations. Until recently, company officials had let it be known they considered the competition still to be open.

What Israeli officials fear is that the deal may have been lost because of fallout within the Pentagon from the Pollard affair, the espionage case which has badly strained bilateral relations.

Baldrige lauds Seoul trade move

BY MAGGIE FORD AND PETER MONTAGNON IN SEOUL

MR MALCOLM BALDRIGE, US Commerce Secretary, yesterday praised the attitude of South Korea towards meeting American requests to reduce its trade surplus, describing it as very different from the approach in Japan.

Speaking after two days' trade talks aimed at increasing US imports to South Korea, he said negotiations were friendly, fair and reasonable.

Referring to the dispute with Japan over semiconductors, which has prompted the US to impose sanctions on Japanese products, Mr Baldrige said that in the case of US agreements with South Korea, both countries kept their word.

The South Korean trade surplus with the US is expected to rise this year to between $10bn (£7bn) and $12bn, from $7.2bn last year, Mr Baldrige said.

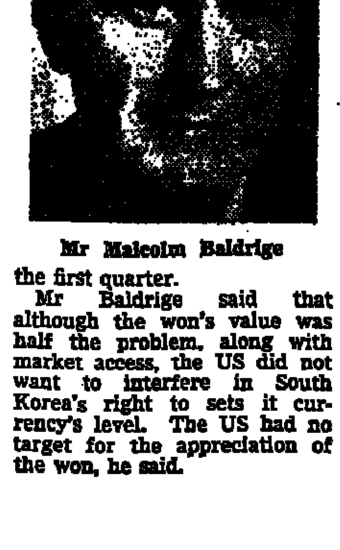
On Friday, just before the talks started, the South Korean Government announced a package of economic measures which included a plan to buy an extra $2.5bn worth of US goods this year, and to open markets more quickly.

Mr Baldrige welcomed both moves, but pointed out that when liberalisation of imports was accompanied by high tariffs, the effect remained protectionist. The weekend announcement that South Korea was to liberalise wine imports, but place a 100 per cent tariff on them, gave him "a dry throat," he said.

Washington would be watching closely to make sure that implementation of the promises of more open markets was satisfactory, Mr Baldrige added. South Korea has pledged to liberalise the import of US computers and cars.

US officials had been widely expected to put pressure on the South Koreans at the talks over the value of their currency, the won.

Unlike the Japanese yen, the won has appreciated by only 3.4 per cent last year against the dollar. The rate has increased this year, with a 2.4 per cent appreciation recorded in the first quarter.



Mr Malcolm Baldrige

Mr Baldrige said that although the won's value was half the problem, along with market access, the US did not want to interfere in South Korea's right to sets it currency's level. The US had no target for the appreciation of the won, he said.

China talks set to touch on technology transfer

BY ROBERT THOMSON IN PEKING

MR MALCOLM BALDRIGE, US Secretary of Commerce, arrived yesterday in Peking, where he will find that Chinese officials are keen to talk technology and, in particular, to discuss US sluggishness in allowing the transfer of high technology.

He was welcomed by an editorial in the official Peking Review, which said that "much needs to be done" by Washington to remove controls on technology exports to China. The weekly magazine criticised the US for giving "much publicity" to ease export restrictions that are "far from enough."

Mr Baldrige is in Peking for the fifth meeting of the Sino-US Joint Commission on Commerce and Trade. On arriving at Peking Airport, he agreed that technology transfer would be one of the more important items on the agenda.

The Chinese also claim the US shows "prejudice against favourable tariff treatment for Chinese goods" and will press for special treatment under the Generalised System of Preference (GSP).

Chinese officials have repeatedly complained that "all kinds of difficulties and restrictions" are preventing improved trade relations.

One of the more obvious difficulties is that the two sides are unable to agree on which has the trade surplus. China has produced figures showing that the US has had a surplus in 13 out of the past 15 years. Washington claims the Chinese figures are inaccurate because they do not include goods shipped to Hong Kong and then trans-shipped to the US.

Textile exports will be another major issue at the talks, as Chinese exports are growing in tandem with US industry pressure to limit them.

China's clothing and accessory exports to the US doubled last year, yet Chinese officials has strongly criticised quotas

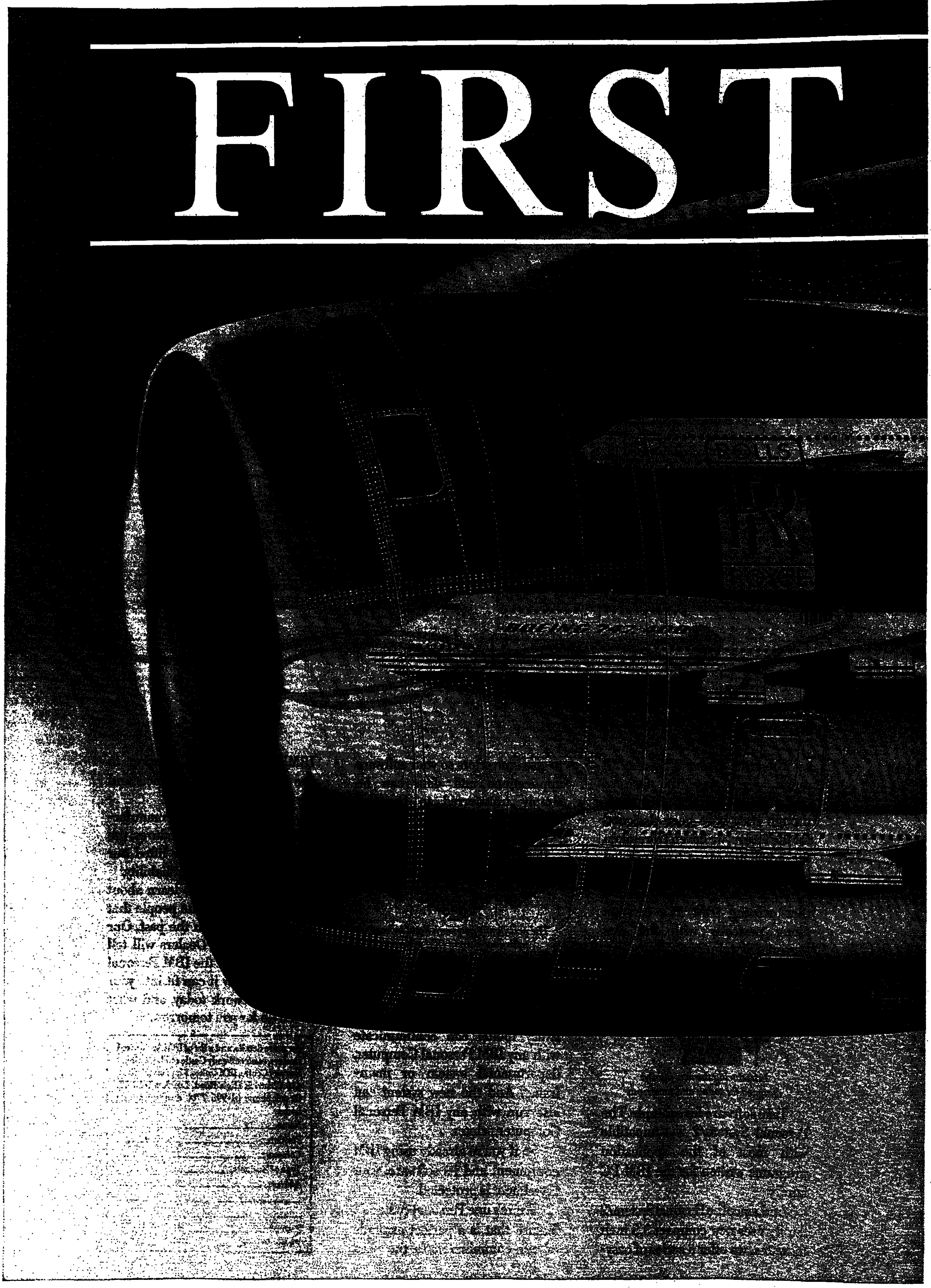
HK company signs Chinese highway pact

A HONG KONG company has signed a contract with China for construction of a 190-mile highway linking the south China city of Canton with Hong Kong and Macao, Reuter reports from Peking.

The contract setting up a joint venture to build and operate the road was reported to have been signed in Canton between Hong Kong's Hopewell China Development (Superhighway) and the *Guangdong Provincial* Highway Construction Company.

Construction of the highway linking Canton and Shenzhen on the Hong Kong border is due to begin this month and the road should be ready by 1990. The second phase linking Canton with Macao is scheduled for completion in 1992.

The road is expected to cost about $1bn (£714m) and will be operated as a tollway joint venture for 30 years. Hopewell will be responsible for raising 85 per cent of the capital for the project.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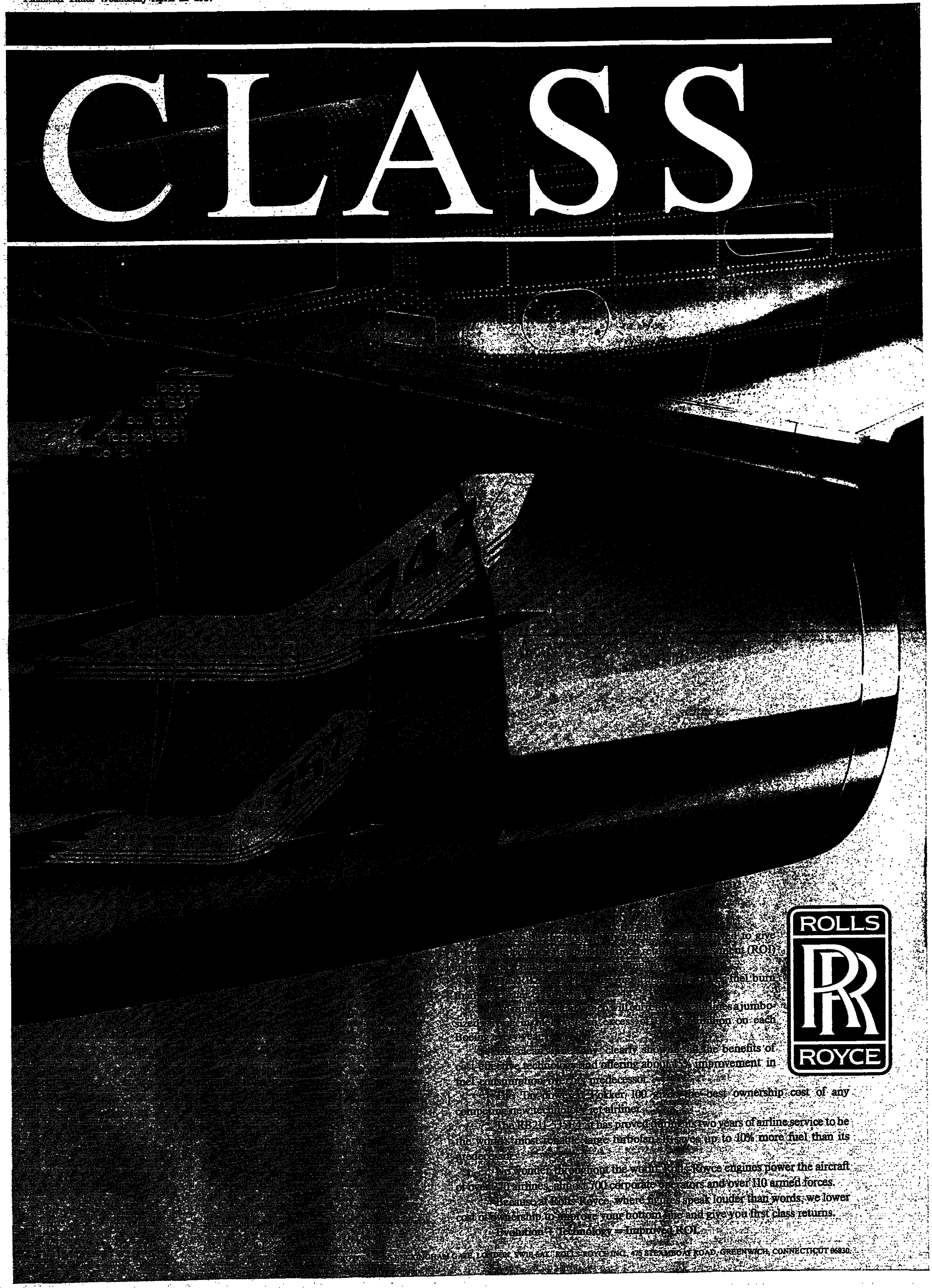
CLASS
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The Tay-powered Fokker 100 gives the best ownership cost of any competing new technology jet airliner.
The RB211-535E4 it has proved during its two years of airline service to be the world's most reliable large turbofan. It saves up to 10% more fuel than its predecessor.
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MANAGEMENT

Cookson seeks a common style

Michael Skapinker on a disparate group's novel route to management uniformity

IF IN a hotel bar you were to come across a group of managers, all male, from British manufacturing companies, the last thing you would expect them to tell you is that they've been trying to get in touch with their feelings.

And yet this is what 16 managers from the Cookson Group, the UK-based manufacturer of specialist industrial materials, say they have just spent a week doing. They talk about it as though it was the most natural thing in the world. "We've spent a lot of time finding out what kind of people we are," says Cecil Hancock, managing director of Cookson's Ceramics Supplies business unit.

"There's a warm feeling to it," *adds Chris Phillips, production* director of Horsell Graphic Industries, the manufacturer of lithographic plates which Cookson bought in 1985. Horsell's aggressive sales techniques are reputed to induce feelings of terror rather than warmth in its competitors. It therefore comes as a relief to find that some of the Cookson managers are a little surprised at their current enthusiasm for matters emotional.

"Here we are, a *gang* of blokes totally new to this sort of thing," marvels Mike Padmore, managing director of George Johnson and Co, a pewter and foils manufacturing company which joined Cookson in 1967. But even he then falls in with the prevailing conversational trend, explaining that it has been a fairly traumatic week "because you're baring your soul a bit. But apart from my little lows, I've had highs, too."

Cookson shareholders will be pleased to know that the 16 have not fallen for the spells of some Californian cult. Their new interest is derived from a course they have just completed called Man Management I, which takes in communication skills, teamwork, leadership, management style and "attending to others."

The course is the first part of a two-year training process designed to develop a common management style and culture in a group which has spent the past few years busily acquiring a host of new subsidiaries.

Until 1982, the group was called Lead Industries, a name which many found uninspiring. It was changed to the Cookson Group after a survey of the top 300 UK companies revealed that 70 per cent of them had a proper name in their title. The *new name came from the Cook*son Lead and Antimony Company, one of the oldest parts of the group, which dated back to 1704.

Cookson turnover has increased from £476.1m in 1982 to £972.1m last year. Profits increased from £11.5m in 1982 to £94.5m last year. This success has not, however, brought fame to the group. Michael Henderson, the group managing director, has described Cookson as "the least well-known company in the top 100."

One of the reasons for this is that Cookson group identity has, to some extent, taken second place to the identities of its 120 separate subsidiaries. This situation has been exacerbated by the group's rapid growth by acquisition over the past few years. In the last three years alone Cookson has acquired a majority interest in 41 businesses worldwide.

"We have very competent local management, but we have had relatively poor communication between companies and, to some extent, a lack of a common language of management. All the companies have grown with separate philosophies of management," says John *Bickers, Cookson's* human resources director. "There has been individual management training in some of the companies, but much of it has been on an *ad hoc* basis. There has been no general management training on the corporate level."

There has also been no recognisable group management style. Looking around at some of his fellow-participants on the Man Management course, Ian Barr, the group treasurer, said there were some whose management style was "the big stick and forget about the carrot. There are others whose management style when they've got a problem is to get everybody in and say to them 'let's solve it.' We've also got everything in between."

What Cookson needs, Bickers says, is a common language of management for the entire group. Not only will this give newly-acquired companies a culture to slot into, it will also enable Cookson to transfer capable managers from one part of the group to another. Until now, he says, there has been "no method of common judgment of the calibre of managers across the group. There was no mechanism by which people of ability would *automatically* be *known* as potential candidates to be managers of other divisions."

As a result, senior managers in the divisions and companies tended to recruit successors who resembled themselves. "We've been created in the image of our own predecessors for too long," says Andrew Llewellyn, commercial manager of the metal products division. "People tend to take on people that they are compatible with," adds Mike Padmore. "When a director takes on an assistant he doesn't screen them by *sending them to a psychiatrist.*"

To encourage a common managerial culture Cookson selected 68 senior British and European managers for training. To devise a programme for them the group called in PA Management Consultants. PA conducted individual two-hour interviews with the 68 managers to assess their needs. They then came up with 12 training modules, each to run for between two and *five days*. The courses will run throughout this year and 1988. Apart from man management, the modules cover such subjects as finance, negotiation, entrepreneurship, and business strategy and acquisitions.

Managers will follow a combination of course modules depending on their requirements. At least 28 of them will be going on an outward bound leadership course in North Wales. "It's not an off-the-peg, all-*singing*, all-*dancing* programme. It's designed for us," Bickers says.

Some senior Cooksons managers have been excluded from the training programme. They are just too old. "Rightly or wrongly, I decided on a cut-off age of 55," Bickers says. "With retirement possible at 62, I thought it would be better to make more places available for younger managers." But he wanted to utilise the experience of these older managers and retain their commitment to the company's progress.

With that in mind, he has decided to use them as mentors to those doing the training courses. Some of the managers on the course have been designated as mentors too. All the mentors have the responsibility of helping other managers find ways of applying what they learn on the course to their day-to-day work.

The issue of the older senior managers raises another question. Is there not a danger that the managers following the course will acquire a vocabulary and set of concepts which are incomprehensible to their colleagues and subordinates? Might not the courses create problems within the group?

"Yes, in the sense that it may create an elite," says Lance Lindon, one of the PA trainers helping to run the course. "No in another sense, that it signals to the organisation the importance of managers learning to develop and to become competent. I would far rather that this became the standard of excellence than Buggin's Turn."

Stress

The brickie bears the brunt

Radical lifestyle changes affect some more than others. Michael Skapinker reports

SO YOU think life in the City, post-Big Bang, is tough? You should try working in the building trade.

Brendan Gillen, a London builder and carpenter, has been through more "high impact changes" at work over the past 12 months than 97 per cent of the more than 2,000 people who answered the same "health, strain and lifestyle" questionnaire.

David Bailey, a director of stockbrokers Phillips and Drew, had an easier time, according to the questionnaire. All the same, Big Bang was no doddle. Bailey experienced more "high impact changes" than 88 per cent of those who completed the survey.

The questionnaire is the *creation of an American con*sultant, John Adams, and is administered in the UK by Selby MillSmith, a Reading-based organisation which says its consultants have done work for, among others, retailing group Marks and Spencer, the Shell UK oil company and the BOC industrial gases group. Most of the people who have answered the questionnaire so far are Americans. The survey is done on the basis of confidentiality, waived by the UK respondents mentioned here.

Among the questions asked were whether respondents had suddenly been required to work longer hours over the past year or whether there had been major change in their workplace technology.

How did others fare? This writer was affected by more "high impact" changes than 64 per cent of the questionnaire-answering population. On the other hand, Patricia Rappolt, a switchboard operator at publishers McGraw-Hill in Maidenhead, had a relaxed year, experiencing no high impact changes at all.

Another set of questions about conditions at work concentrates on such matters as whether respondents get adequate feedback, whether they receive meaningful work assignments, what they eat and how much exercise they get.

There is not much, however, about the stressful consequences of getting things wrong—leaving the chief executive on hold, building a house which falls down, missing a story or losing the firm several million pounds. Respondents are asked, however, how often they show symptoms of strain, such as being "tense, uptight, fidgety, nervous" or having "difficulty getting up in the morning."

Here the positions of our four were reversed. Although the builder had been through the greatest changes, it apparently bothered him less. Seventy-eight per cent of the respondents showed more strain than he did. Sixty-eight *per cent of* the respondents experienced more strain than the Phillips and Drew man, and 62 per cent were more prone to such things as "shortness of breath and sighing" than I. The switchboard operator, on the other hand, showed more symptoms of strain than just over half the respondents.

If there is a clear divide between the City and the rest of us, it lies in attitudes to the world outside of work. When asked whether we were bothered by such things as "children's education," "crime and vandalism" and the "possibility of war," Gillen, Rappolt and I showed ourselves to be a worried lot, more concerned about these matters than between 77 and 88 per cent of the other respondents. Bailey of Phillips and Drew is made of sterner stuff: he was more worried about these subjects than only 33 per cent of the other respondents.

What does Selby MillSmith suggest to help us take the strain? Those who have had a lot of high impact changes over the past year are advised to "be sure to adjust to the changes experienced quickly and resist further changes for a few months." Not particularly helpful: few respondents will have much say over whether, for example, their sector should be deregulated.

Disabled employees

Avoiding 'square pegs in round holes'

Henry Mara reviews an employer's guide

THE EMPLOYER'S Guide to Disabilities* should be viewed as a management tool; it could help personnel managers, social workers, *employment advisers* and paramedical aides avoid costly and humiliating mistakes.

Pragmatic businessmen wish, where practical, to keep their staff when they become disabled, and to recruit additional disabled employees to comply with UK quota laws.

The wide spectrum of disabilities has made it hard for management to understand and handle the issues involved. Loyal employers wish to make any adjustment to help staff who have become disabled and may alter a person's job so that they can cope better. When employers are hiring new disabled staff, they want to avoid buying a pig in a poke. Medical terms can be daunting and interviews embarrassing and misleading. Melvyn Kettle and Bert Massie, by painstaking research, have produced in a single volume the information to guide employers. They have listed 30 different disabling conditions, including arthritis, epilepsy, Friedreich's Ataxia and spina bifida, in encyclopaedic form.

Layman's language is used and the reader is told exactly what an employee can or cannot do. The authors explain whether a disability is variable or static and whether employees with disabilities are likely to need more time than normal away from work.

Practical assessment is covered in the hope that square pegs in round holes can be avoided. Telephone numbers of useful organisations are supplied. Guidance is given for obtaining grants for buying special office equipment and installing such aids as wheelchair ramps and solo stair lifts to reach offices. One chapter sets out a model employment policy which employers could use.

The two editors have detailed and long experience in the field of employment and disability. Melvyn Kettle was a member of the National Advisory Council on Employment of Disabled People and has conducted research into many aspects of disability and employment. Bert Massie, who is himself confined to a wheelchair as a result of polio, has written a number of books on the employment of disabled people and is an Assistant Director of The Royal Association for Disability and Rehabilitation. He insists that his achievements are not exceptional.

This book is an update of a sparser work begun in 1981; it is so much more comprehensive as to make awareness of its availability vital for both employers and disabled people. The introduction, written by The Prince of Wales, stresses the need to recognise the talents of disabled people and harness them to the good of society.

The only criticism I can level at this book is that RADAR has not shouted from the rooftops about its publication. It provides an example of the constructive activity of which RADAR is capable.

* *Published by Woodhead-Faulkner in association with RADAR £17.95 or £19 inc p+p from the Royal Association for Disability and Rehabilitation, 25 Mortimer Street, London W1N 8AB (Tel 01-637 5400).*

APPOINTMENTS

Management reorganisation at Hambros Bank

HAMBROS BANK LTD has introduced a new tier in its management structure. Mr J. N. Heywood, Mr P. D. Hill-Wood and Mr A. M. Sorkin have been appointed vice chairmen, and responsible for capital markets and treasury, investment management and corporate finance respectively. The following have been appointed directors: Mr P. M. Allen, Mr J. T. P. Lawes, Mr P. L. Binder, Mr A. E. Martin Smith, Mr A. F. Brignall, Mr J. M. May, Mr A. C. Colas, Mr N. M. Moore, Mr T. A. Cooper, Mr W. J. Nabarro Mr J. C. de Tuba, Mr T. H. Nicholls, Mr G. J. T. G. de Nadaillac, Mr N. H. Page, Mr J. F. Dryer, Mr A. C. Plummer, Mr J. A. Gilbert, Mr G. L. Steward, Mr G. P. Knight, Mr L. C. White, Mr P. V. Wright and Count W. Henckel von Donnersmarck (based in Zurich). The following have been appointed assistant directors: Mr D. T. M. Arr, Mr D. G. Jenkins, Mr M. H. L. X. Aubry, Mr A. C. Peake, Mr J. F. Cook, Mr T. G. Sawyer, Mr C. I. Goodchild, Mr P. J. Szarf and Miss C. E. Hambro.

★

Changes at Courage

COURAGE has made changes in the senior directors' structure to bring the company's operating businesses in line with the rest of the Elders brewing group. Mr Michael R. M. Foster is appointed managing director—trading (formerly assistant managing director) and is responsible for marketing and all on-trade and take home trade activities. Mr Peter Alkens is appointed managing director — brewing (formerly production and distribution director) and is responsible for all brewing and primary distribution operations. Mr Roy J. Spence continues as managing director—Saccone and Speed, the wine and spirit and off-licences division. Three executive directors have also been appointed—Mr Peter W. Jenson as executive director—finance and administration (formerly finance director); Mr Alan Moore executive director — personnel (formerly personnel director) and Mr Chris D. Henry executive director — property (formerly property director).

★

SMITH'S CONTAINERS has appointed Mr Michael Townsend as sales director. The company is part of Reed Packaging, a division of Reed International. Mr Townsend was with Sweetheart International as European operations director.

★

The WILLIAMS LEA GROUP has promoted Mr Brian Harwood to managing director, Williams Lea Offset.

★

ACETATE CONVERTERS has appointed Mr John Driver as managing director. He was joint managing director. Mr Malcolm Runt, who also used to be joint managing director, will concentrate on his role as chairman.

★

ENSKILDA SECURITIES has made the following management changes: Mr Hamish Leslie Melville has been elected deputy chairman of the Enskilda Securities Group board; Mr Gerard De Geer has been elected chief executive of the group and a member of the group board. Mr Spencer Maizels has been appointed chief executive and joint managing director, and Mr Thomas Hughes-Hallett has been appointed joint managing director of Enskilda Securities, London. Mr Carl Diedric Hamilton has been made chief executive of Enskilda Fondkommission, Stockholm.

★

SIEBE has appointed Mr E. Barrie Stephens, group managing director, as vice-chairman and chief executive officer.

★

Mr Jeremy Mudie has been appointed a director of SHERATON (UK), principal operating subsidiary of Sheraton Securities International.

★

The managing director of Arthur Harrison and Co, Mr David Higgins, has taken over the chairmanship of the NATIONAL WOOL TEXTILE EXPORT CORP. Mr Higgins, who will be chairman for four years, succeeds Mr John Harrison, chairman of James Johnston and Co.

★

TURNER & NEWALL has made the following appointments in the group. Mr Frank Tomes becomes managing director of Flexitallic in addition to his responsibilities as managing director of TBA Belting and T-Glass Fibres. Mr Bob Broadhurst has been appointed a director of Ferodo in succession to Mr Ron Hards who is retiring.

★

Mr M. L. White has been appointed finance director of PAUL MICHAEL LEISUREWEAR. Mr White, who is a non-executive director of P E International was a financial director of Aidcom International until it was taken over by the Addison Consultancy Group.

★

Sir Colin Corness has been appointed to the board of MERCURY INTERNATIONAL GROUP as a non-executive director. He has been the chairman of Redland since 1977 and is a non-executive director of W. H. Smith & Son (Holdings), Gordon Russell, Courtaulds and the Bank of England.

★

QUILTER GOODISON CO has appointed Mr David Franks to take responsibility for the continued development of the stockbroking division's retail activities, which includes the QGC Money Centres. He joins from Richard Shops where he was retail operations director.

★

Mr Charles Macdonald, branch manager at SCOTTISH EQUITABLE's Reading branch becomes unit trust manager from May 1.

★

Mr Clive Bailey has been appointed managing director of ELEVATIONS, a manufacturer of monobloc relocatable partitioning systems. He joins from Officescape where he was managing director of Officescape Partitions, and a group director.

★

Westward and Yorkshire Fertilisers, a wholly-owned subsidiary of UKF FERTILISERS, has appointed Mr Paul Squire as managing director. He succeeds Mr John Coleman who was appointed UKF's commercial director last year. For the past three years Mr Squire has been managing director of DSM Agro-Specialities working in the central office of DSM's fertiliser division, UKF Fertilisers parent company in Holland. Mr Squire will also be part of UKF Fertilisers commercial management in which capacity he will be a director of another subsidiary M. Thomas Chemicals.

★

Gerling London has appointed Mr Ken Croly as manager of the fire department for GERLING-KONZERN ALLGEMEINE, UK branch.

★

Mr Richard Mundy has joined DOWTY ELECTRICS as technical director. He succeeds Mr Ron FitzPatrick, who is now managing director.

★

DATA LOGIC, a Raytheon company, has appointed Mr Michael Harrison as marketing director. He joins from British Telecom where he was director of business development for mobile communications.

★

Mr Alan Ford has been appointed a director of CRITERION HOLDINGS. Current directorships include Ford Helicopters (as managing director), March Helicopters and the Devonshire Life Group.

★

Mr Roger Jones, deputy secretary of the CO-OPERATIVE WHOLESALE SOCIETY, has been appointed additionally general manager legal and administration. This follows the decision of the Society's solicitor Mr Arthur Shawdon to take early retirement. The new head of the CWS solicitor's office, who will report to Mr Jones, is Mr Alan Buttrum.

★

ANGLO UNITED, where Hillsdown Holdings recently acquired a 29.9 per cent stake, has made two appointments to its board. Mr John Gainham, who was finance director of Imperial Foods, becomes finance director. Mr Howard Stanton has been appointed a non-executive director and will represent the interests of Hillsdown Holdings. Until the end of February, Mr Stanton was finance director of J. Rothschild Holdings. He has recently been appointed chief executive of Sharna Ware, where the Hambro family has taken an interest.

★

BIS APPLIED SYSTEMS has appointed Mr Ron Yearsley as chairman. As well as being a director of BIS Banking Systems, he is a non-executive director of the LEB. He succeeds Mr Roger Graham.

Board posts at Marley

Mr Mike Moxon has joined the main board of MARLEY as an executive director. He has also taken over the chairmanship of Marley Extrusions, and Marley Transport. This is in addition to his current responsibilities which include the chairmanship of the automotive division, and a member of the executive management committee responsible for Marley Foam, British Moulded Fibre, Marley Vehicle Leasing, Phetco, and Anchor Insurance Brokers. He is also a director of Weston Hyde Products, Marley's joint venture company with :-V. Mr John Hall, senior partner of Ernest Hall and Co, former chairman of Nottingham Brick, has been appointed to the main board of Marley as a non-executive director. Mr Peter Aldridge, main board director responsible for the group's building products companies, has become chairman of Nottingham Brick. Mr Tom O'Sullivan, a main board director, will be retiring on June 30.

★

BRITISH & COMMONWEALTH HOLDINGS has appointed Mr Bruce Ursell and Mr Malcolm Wilde to head its new investment banking division. Mr Ursell is currently managing director of Guinness Mahon and Mr Wilde is the director in charge of Guinness Mahon's banking operations.

Mr R. M. Abdullah, Mr O. Abdullah (deputy chairman), Mr R. M. Baldwin, Mr J. B. Ford and Mr R. H. R. Kettle have been appointed directors of LONDON AND NORTHERN GROUP. Lord Milne, deputy chairman, and Lord Bruce-Gardyne, non-executive director, have resigned.

★

LONDON UNITED INVESTMENTS has appointed Mr Charles Jacob to the board.

★

Mr Terry Carter joins as a partner in ERNST & WHINNEY'S London insolvency department. Mr Keith J. Harbage joins as a tax partner in the Leeds office.

★

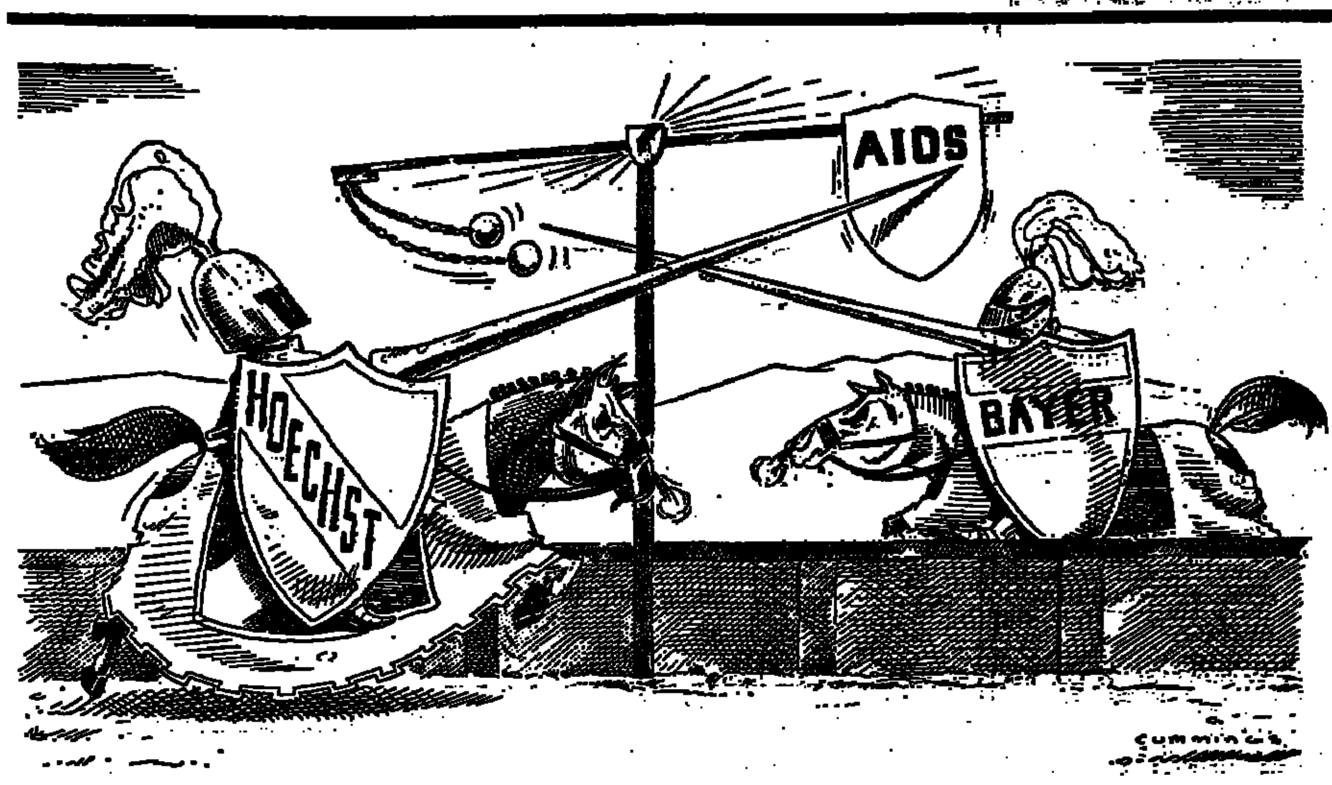
C. T. BOWRING & CO. has made the following appointments:— Mr Leslie F. Doherty becomes managing director and Mr W. J. Slark and Mr J. W. Moffitt directors of Bowring Tyson (I.O.M.). Mr T. McGrath has been made deputy chief executive of Bowring Martin. Mr K. J. Foran has been appointed a director of Bowring Wales.

★

ALLIED TEXTILE COMPANIES has appointed Mr Gilbert Davidson as managing director of the Reid & Taylor branch in Langholm, Scotland.

★

Mr N. C. H. Falls will succeed Mr M. T. R. Smith as agent at the BANK OF ENGLAND Glasgow agency from June 1. Mr Smith will be returning to head office to work in the finance and industry area. The Glasgow agency is part of the bank's industrial finance division and is responsible for regular contact with industrial and commercial companies as well as financial institutions throughout Scotland.



West Germans take a tilt at AIDS

Tony Jackson explains how Hoechst and Bayer have joined forces to produce a formidable research combination

IN THE worldwide race for a cure for Acquired Immune Deficiency Syndrome (AIDS), West Germany is plainly determined not to be left behind. The recent announcement that Hoechst and Bayer, twin pillars of German industrial science, are to join forces on AIDS research suggests a formidable combination.

Although both companies are thought of primarily as chemical manufacturers, each ranks among the world's five biggest drug makers in its own right. Last year their combined spending on pharmaceutical research totalled DM 1.5bn ($820m).

This is believed to be the first time the two have got together on a research project of any kind since the days when both were part of the colossal IG Farben combine, broken up by the Allies after World War II.

Bayer, however, has already set a precedent. The group has twice co-operated with rival German drug companies, once with E. Merck on the development of a treatment for the tropical disease schistosomiasis and once with Schering on a diabetes drug.

It was Hoechst, though, which took the initiative this time. Professor Hans-Georg Gareis, the Hoechst main board member in charge of pharmaceuticals, had reportedly watched the progress of AIDS with mounting concern. Eventually, prompted by anxiety that the industry should be seen to be doing its bit, he approached his opposite numbers and had agreement in principle within two days.

Both sides emphasise that nothing is yet clear about the project beyond the principle itself. Indeed, neither seems yet to have much to contribute in terms of AIDS research, though Bayer is deliberately vague on that point.

Hoechst, however, is unusual among commercial drug concern in that it works directly with samples of the AIDS virus.

According to Dr Elmar Schrinner, head of chemotherapy at Hoechst, the group has an agreement with the Georg Speyerhaus, a Frankfurt research institute which has collected isolates of the AIDS virus through its diagnostic work for Frankfurt hospitals.

"They have the right to work in our laboratories here, in secure conditions," Dr Schrinner says. "We get supplies from them, and we are screening compounds against the virus." Like other drug researchers, Dr Schrinner begins by looking for a compound which will hinder the virus from reproducing itself. He concentrates on trying to interfere with the enzyme known as reverse transcriptase, which viruses of the AIDS type (technically known as retroviruses) produce as an essential stage of their replication.

"We see the possibility of inhibiting other retroviruses, both in cell culture and in animal models," he says. "But we have not managed to inhibit the AIDS virus *in vivo* though we have managed to suppress it in cell cultures. We know part of the action is as a reverse transcriptase inhibitor, but there is more to it than that."

The compound sounds in principle similar to AZT, the AIDS treatment from the drug company Wellcome which is already on the market in the UK and US. But Dr Schrinner is at pains to emphasise that Wellcome is much further ahead. And, he says, "though we are quite optimistic of finding a compound which will inhibit the virus in the near future, that's no cure."

Bayer will not give similar details on its own work, on the grounds that it is too early to be explicit. Oddly, the group owns one drug which has been widely tested as a possible AIDS treatment, but has not itself taken part in the testing.

This drug is suramin, the active ingredient in a 60-year-old Bayer drug against sleeping sickness called Germanin. In 1979 a Belgian professor found that suramin inhibited reverse transcriptase in retroviruses generally, and it was subsequently shown to act against the AIDS virus.

Worldwide investigations are still in progress, with Bayer supplying the ingredient and passing on any historical information it has about the drug, but not otherwise taking part. The reasons for this are unclear, but Bayer probably has little to lose. Suramin is reportedly highly toxic when taken in high enough doses for AIDS, and seems no longer to hold the promise it did a couple of years ago.

Take-off for the Hughes superchip

HUGHES AIRCRAFT research laboratories in Malibu, California, claims to have broken the world speed record for semiconductor chip operation with a device it has developed for the US Air Force.

The chip uses gallium arsenide (GaAs), a semiconductor that allows faster action with less generated heat than silicon. The device can, for example, divide by two (a basic processing function) some 18bn times a second. Hughes claims this is five times faster than commercially available GaAs chips and 10 times faster than commercial silicon devices.

Such chips, when generally available, will make computers even smaller, faster and cooler than they are now. But for the time being, Hughes sees the device mainly in military terms, "with no immediate commercial application."

Production techniques include molecular beam epitaxy, in which a beam of atoms forms layers, one atom at a time, on the chip surface. Circuit interconnections are "written" using electron beams, which allow finer definition than the light beams conventionally employed. Conductors only 0.2 of a micron (millionth of a metre) are created.

A measure of Finnish ingenuity

IN FINLAND the Technical Research Centre near Helsinki has developed Mapvision, a non-contact measuring system using several high-speed television cameras that can determine the shape and dimensions of almost any object to an accuracy of one part in 5,000.

A major application is expected to be quality control in factory automation, but first uses have been to search for asymmetry in aircraft structures after heavy landings. Similarly, the size and shape of hull sections have been checked in shipbuilding yards, where it has been possible to detect one millimetre variations in five metres.

The system costs about FM 400,000 (£56,000), which the Centre claims is at least 20 per cent cheaper than systems currently on the market.

WORTH WATCHING

Edited by Geoffrey Charlish

Europe gets the message on fax

TWO FACSIMILE developments from UK companies confirm the growing interest in personal facsimile communications in Europe.

Comwave of London, for example, is offering Gammafax, a means of directly converting an IBM personal computer (PC) into a fax machine. A single additional printed board is plugged into the PC and the telephone cable is connected directly to the board. Associated software allows the PC to be used to compose a message and send it as a fax signal to any group three fax receiver almost anywhere in the world. No fax machine is needed at the sending end.

British Telecom, on the other hand, is offering a unit which, placed between the computer and an existing standard Merlinfax AD199 fax machine, produces "store and forward" facilities. This means, for example, that a number of incoming fax messages can be received, stored and combined with other text (prepared on the PC) and re-transmitted over the phone network as a single item to any group three machine.

Number-crunching at Harwell

HARWELL LABORATORY, the research laboratories of the UK Atomic Energy Authority, has taken delivery of a Cray 2 "supercomputer." Able to handle 1.7bn calculations a second and store 2bn characters of data, it is the world's most powerful computer. Time on the machine will be available to industry and commerce.

Canadian exchange for UK's Mercury

NORTHERN TELECOM, the Canada-based telecommunications manufacturer, has delivered a "centrex" digital telephone exchange to Mercury Communications, allowing Britain's second public phone network to offer City of London customers direct dialling-in (DDI) and other services usually provided by a PABX (company exchange).

Centrex is a service provided on public networks which provides PABX features such as the routing of an incoming call direct to the called party (DDI), call diversion, call waiting, "call back when free" and other facilities. The service is provided on a cost per line basis, plus external call charges. Tariffs will be announced shortly by Mercury.

The Mercury centrex exchange will use the Northern Telecom DMS-100 digital switching system, following adaptation to European standards by Bell Northern Research in the UK.

Keeping a tag on goods in transit

SECURICOR, the British security company, believes it has one of the best answers yet to tagging objects for identification tracking purposes. Such applications range widely, and [illegible] range from brewers who need to know where their kegs have gone, to transportation companies who must track containers.

Securicor's answer is a strip of magnetic material on which the coating is mechanically eroded according to a pattern that identifies the object to which it is stuck. A hand-held "wand" reads the pattern and holds it in its memory for later read-out to an IBM personal computer.

The 4 x 0.5 inch strip cannot be altered, magnetically or mechanically, without detection on read-out. Strips cost between [illegible] and [illegible], depending on the quantity bought.

Contacts:

Hughes Aircraft Company: US, (213) [illegible], or [illegible] in London. The Technical Research Centre: Finland, [illegible]. Securicor: London, [illegible] 5511. Comwave: London, 839 3613. British Telecom Telemarketing Services: London, [illegible]. Harwell: UK, 0235 [illegible]. Northern Telecom: [illegible], Canada, (613) [illegible].

Academics oil wheels of waste conversion

By Peter Marsh

A COMPANY partly owned by Salford University is offering to industry and local authorities a technique for converting waste material into oil. The method, which uses a chemical process to obtain oil from cellulose-containing substances such as straw, sugar beet and sewage, was developed by scientists at the University of Manchester Institute of Science and Technology.

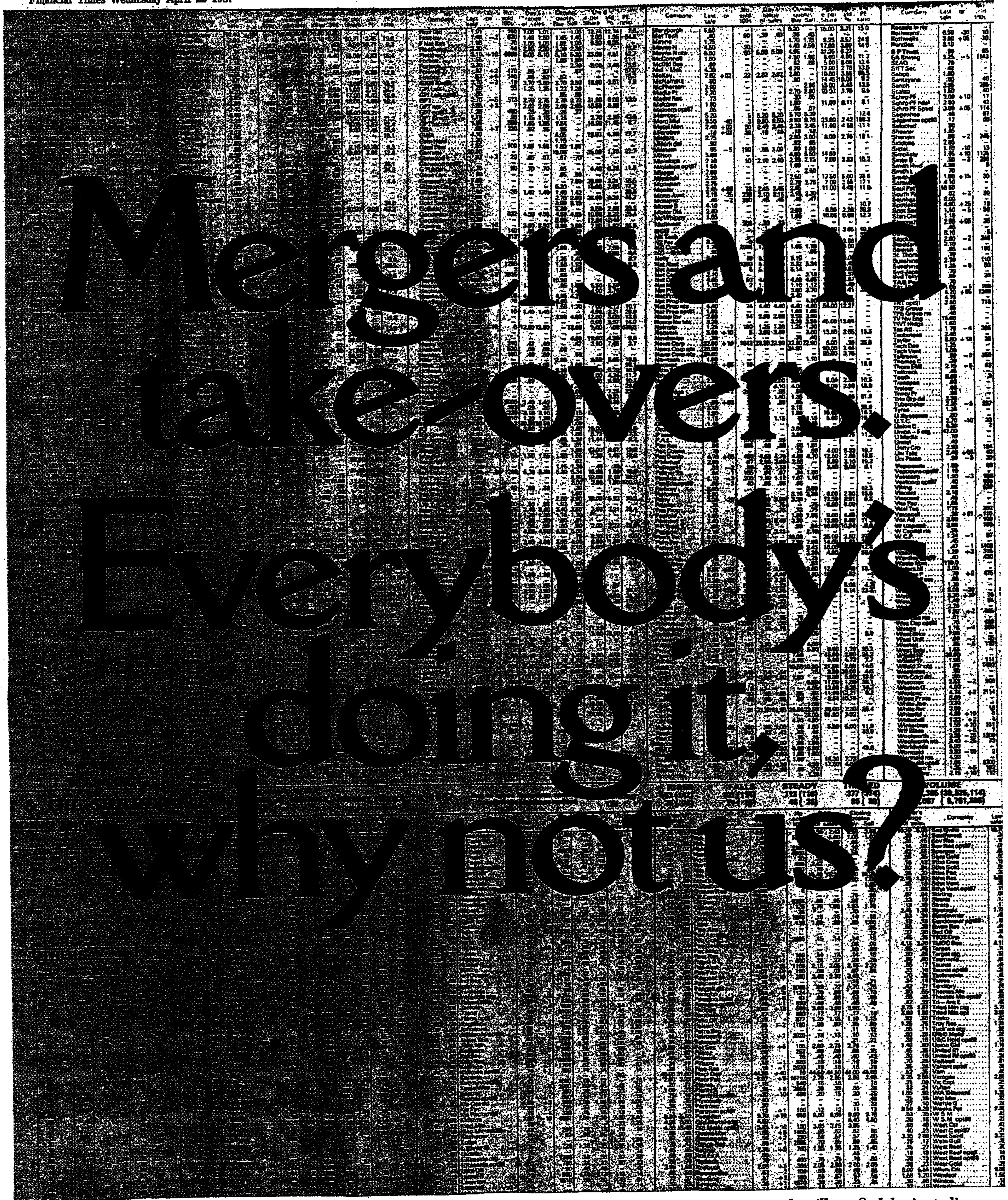
Man-Oil, the company offering the technique, is one of a number of technology-based businesses in which Salford University Business Services (SUBS) — owned by Salford University — has a stake.

In waste conversion, Man-Oil worked in partnership with the Greater Manchester Council, prior to this body disappearing as part of last year's reorganisation of local authorities.

The Man-Oil technique effectively simulates the way nature turns biological material into fossil fuels, using pressure and heat in the absence of air. While the natural process takes millions of years, the Man-Oil method takes a matter of minutes.

SUBS, which has 75 employees and an annual turnover of about £5m, offers consultancy services and does research and development projects for industry. On some of these, academics in the technical departments of Salford University help out in return for a consultancy fee.

Other companies in which SUBS has a stake include Vertec, which sells electronic components, and Salford University Civil Engineering, which works on testing and other areas for customers in the construction industry. The university-owned company also has a stake in Seldoren, which makes dental equipment.



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UK NEWS

Labour urged to recast strategy for election

BY CHARLES LEADBEATER

THE LABOUR Party's leadership urgently needs to revamp its campaign strategy if it is to avoid defeat in the next general election, the leader of one of Britain's largest trade unions said yesterday.

In an assessment of the party's recent performance, Mr John Edmonds, general secretary of the *General Municipal and Boilermakers'* Union, gave a warning that Labour seemed in danger of becoming bogged down in the trivia of internal disputes, which threatened to divert it from major campaign themes.

However, Mr Edmonds implied that the party's problems were not confined to sectarianism. "You do not win power by showering a thousand policies on a bemused electorate," he added.

Labour has recently published a string of major policy documents covering its plans for the economy, job creation, training and women's issues.

Mr Edmonds' speech, at the Scottish Trades Union Congress in Perth, is the first public signal of previously muted union frustrations with what several union leaders believe to be the party's lack of clear direction.

No trade union has until *now* gone so far in publicly confronting the party's failure to narrow the Conservatives' lead in the public opinion polls. The speech is also significant because Mr Edmonds is a key centrist figure in the labour *movement.*

Although he did not refer to the party's leaders by name he clearly laid at their door the responsibility for recharging the campaign.

He implied that the leadership had allowed Labour to be diverted by internal issues such as the continuing dispute over the activities of supporters of black sections within the party.

The speech will be widely seen as a clear message to Mr Neil Kinnock, the Labour leader, who plans to set the tone for the party's election campaign in a speech on Friday.

Urging unions to become more involved in Labour's campaign, Mr Edmonds said that "politics is too important to be left to politicians." The trade unions have a right to, and should, tell the party to get back to basics, Mr Edmonds said.

Without the enthusiasm of trade unionists the party would become "a vehicle without an engine."

Mr Edmonds urged the party to take up three major campaign themes: its programme to create 1m jobs in two years; its strategy to boost investment in manufacturing industry and the national minimum wage which is part of Labour's anti-poverty programme.

Michael Cassell writes: The recent fall in Labour's share of the vote makes tactical voting less likely at the next general election, says Credit Suisse First Boston in a report which could help to allay City of London fears that support for the Social Democratic Party/Liberal Alliance might deprive the Government of a third term of office.

According to Credit Suisse, opinion polls showing the Alliance gaining ground at the expense of Labour reduces rather than increases the prospects for a hung parliament.

The reduced incidence of tactical voting should reinforce the natural tendency for the Government to gain from a more even distribution of opposition votes.

Jaguar luxury car sales hit record in first quarter

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

JAGUAR's new XJ6 saloon, launched last autumn, has helped the luxury car producer to record sales in the first quarter despite the fact that the new car will not go on sale in the US, the company's biggest single market, until May 4.

However, in West Germany Jaguar sales in the first quarter fell from 504 last year to 471. The company's explanation is that cars were in short supply for that market.

Biggest increase in unit terms was in the UK where there was a 45 per cent rise in registrations. Other impressive increase included France, where sales rose 73 per cent to 214, Italy, up 52 per cent to 160, and the Netherlands, up 15 per cent to 148. Sales in Spain doubled to 113 cars.

Worldwide Jaguar sales in the first quarter totalled 9,921 cars, up by 8 per cent from 9,194 in the same months last year.

Jaguar has just switched a second assembly track at its Coventry factory over to XJ6 production which will increase output to 1,000 a week on a single shift by the end of this year.

The company expects to produce about 47,000 cars in 1987, up from the record 41,437 last year, of which more than 31,000 will be the new model.

● Ford is recalling 2,300 high-performance Sierra Cosworth models *produced* between August and December last year to make modifications.

The company has also temporarily stopped production of some versions of the Granada executive car.

The modification on the Sierra to customers, will take about two hours. Ford stresses that the recall is not safety-related.

The affected Granada models are the 2.4 EFi and 2.9 EFi versions with manual transmissions. Production at the Cologne factory in West Germany has been halted until a solution to the problem can be found.

Ford said fewer than 5 per cent of UK customers with the models concerned had complained, but the ratio of complaints was much higher in some continental markets where the car is called the Scorpio.

Business graduates scoop top rewards

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

THE BEST means by which British schoolchildren can maximise their chances of becoming highly-paid leaders of industry or commerce have been clearly identified in a comprehensive study of career success.

The Manchester Business School's report confirms much of what people have long suspected: be male, go to private school, then Oxford, Cambridge or London universities to read for an arts degree. A university such as Manchester must be a last resort.

Once at university the future captain of industry must be talented, or work hard enough, to graduate with a very good degree.

The big leap forward, however, comes after about five years' work experience. The ambitious climber should do a Master's degree in Business Administration (MBA) at either Manchester, London, or Harvard universities, or at Cranfield Institute of Technology, in the Midlands.

The good first degree is usually essential to be enrolled at these institutions, from where more of the best-rewarded, most highly valued, and more successful business graduates tend to come. An MBA from another institution may be acceptable, but will not confer an automatic head start.

"There are good teachers and good students everywhere, but there are concentrations of good teachers and good students in particular places," says Dr Tony Berry, who conducted the research.

Cranfield's place as a training ground for the elite derives from an "anti-university" reaction in some quarters, coupled with the institution's reputation for a highly practical, vocational approach to management studies.

The research shows that an MBA graduate then commands a massive premium in the jobs market place and can expect a 60 per cent salary gain over non-MBA contemporaries. However, as careers progress some telling correlations emerge between background and later earnings.

A public school background confers at least a 20 per cent salary advantage over people who went to state schools, while Oxbridge produces a similar salary gain

Ex-public school business graduates were paid an average salary of £36,158 a year. Other benefits – cars, pensions, bonuses – were worth another £26,600. The respective figures for people who went to state schools were £29,211 and £9,750.

A salaries league table of universities also emerged. Those who did their first degree at Oxford were top, averaging £37,385 a year, with Cambridge second (£34,358), London third (£33,114), followed by Manchester at £28,723.

The bias against science-based first degrees was also marked, with arts graduates averaging £30,873 against the scientists' £28,840.

The type of employer was also highly significant. Only 16 per cent of the MBA graduates went into the public sector, where their average pay was £23,505. Private sector salaries averaged £31,437, but there were wide variations between working for a UK domestic company and an overseas-owned multinational.

About 35 per cent worked for such multinationals and were paid 60 per cent more than their counterparts employed by UK companies. The multinationals also favoured Oxbridge graduates and were thus major contributors to their doing better in the salaries league.

There was also a concentration of MBAs in only seven sectors: banking, financial services, management consultancy, electronics, information technology, mechanical engineering and retail distribution accounted for 58 per cent of them. The first three sectors were clear leaders in rewards, with banking salaries averaging £38,510, plus £13,605-*worth of fringe benefits. Women,* however, have not been doing as well as men. Dr Berry says: "While companies do not discriminate between men and women either in appointment or in first-post graduating salary, women do fall progressively behind men in both career development and in salaries gained."

At middle levels the differences were relatively small, but they increased at more senior levels of management. This has implications for the future because of rapidly increasing numbers of women now enrolling for MBA degrees.

In the study only 9 per cent of respondents were women, but this was half as much again as in a survey undertaken five years ago. At Cranfield and the London and Manchester Business Schools the female proportion of MBA students is now near 20 per cent.

Dr Berry says that companies will have to find means of giving more effective scope to the *aspirations of female MBA graduates.*

Television prepares for late viewing

BRITISH TELEVISION begins to cater for insomniacs in a sustained way this week with Channal 4, Yorkshire and Central all moving to late-night television in the same week, Raymond Snoddy writes.

Central Independent Television, the Midlands independent company, begins its service of feature films, *drama, documentaries and* pop concerts for a six-month experiment beginning on Saturday. The programmes will run to 3am on weekdays and until 4am on Fridays and Saturdays.

Yorkshire, which ran its experiment on late night television last year and found a quantifiable audience until 3am, launches its service tomorrow. The company will offer mostly feature films until 3am on Thursday, Friday and Saturday nights.

Channel 4 will launch the only national late night service tomorrow with a *schedule of feature films* and chat shows. The service until 3am will run on Thursday, Friday and Saturday nights to begin with but eventually Channel 4 plans a late night service throughout the week.

■ LONDON'S Tate Gallery made a "desperate final appeal" for funds to buy a major painting by 19th century *English* master John Constable. A four-month public appeal had left the Tate still £400,000 short of the £2.9m it needed to purchase Constable's "The Opening of Waterloo Bridge." *Details of the final amount* raised by a Gallery appeal to buy the painting will be known after collection boxes are opened this morning.

■ *EFFECTS* of the Chernobyl nuclear disaster are still being felt in many parts of Britain, one year after the explosion. More than 300,000 sheep and lambs remain subject to Government movement and slaughter restrictions, large areas of uplands in Wales and England still register high radiation levels and sales of wild venison in Scotland have slumped because of contamination fears.

■ BARCLAYS Bank, the world's largest issuer of Visa travellers cheques, has reached an agreement *with the Cheque Bleu consortium of* French banks to sell each *others'* travellers cheques.

■ URGENT Government measures are needed to reduce the pollution threatening to "turn the North Sea into the dead sea," the environmental pressure group, Greenpeace said. It claims the North Sea could be irreversibly damaged in the next *five years unless stricter management* controls are introduced.

■ BRITAIN is to consider a new request by Hong Kong to accept 1,000 more Vietnamese boat people. A decision will be taken at a meeting of ministers to be called soon by the Prime Minister. Since the 1970's Britain has accepted some 18,000 boat people fleeing from the *Communist regime in Vietnam.*

City regulatory body clears rulebook hurdle

BY CLIVE WOLMAN

THE SECURITIES and Investments Board (SIB) the new City of London regulatory body, has beaten off the most serious challenges to its draft rulebook mounted last month by Sir Gordon Borrie, the director-general of fair trading.

Nevertheless, it has been compelled to make 50 pages of amendments to its rulebook in response to the criticisms of the Office of Fair Trading, which were published a month ago, in order to be designated under the Financial Services Act as the official regulatory agency.

Mr Paul Channon, Trade and Industry Secretary, will today lay an order before parliament delegating authority to the SIB. The order is likely to be debated in parliament some time between May 5 and 15.

However, because MPs will not be allowed to make any further *amendments to the rulebook, they* will have little alternative but to accept Mr Channon's decision and grant the SIB its powers.

Mr Channon is not expected to make any statement explaining his reasons for insisting on the rulebook changes until the debate.

Mr Channon has supported the SIB on the most controversial issue raised by the OFT report, the SIB "polarisation" requirement. This will normally prohibit the individual branches of banks and building societies from selling their own banks' unit trusts and life assurance if they hold themselves out as offering an independent financial advisory service to their customers.

However, some of the amendments to the rulebook are designed to meet the OFT's argument that the combined effect of this requirement and other rules will be to reduce the number of independent financial advisory services available to the investor.

Another criticism of the OFT was directed against the provisions in the SIB rulebook for an industry-wide life insurance maximum commissions agreement which would impose less stringent disclosure requirements for those insurance brokers who adhered to it.

The amendments to the rulebook will alter some of the specific features of this arrangement without *changing its basis.*

Nikki Tait writes: The Takeover Panel, the rules of which govern conduct during bids and mergers, looks likely to retain its non-statutory status after a three-month Government review of its role.

But Mr Channon, is expected to recommend a strengthening of links between the panel and the new self-regulatory organisations (SROs) which will supervise the City under the new Financial Services Act.

The review of the panel's role was announced by Mr Channon at the end of January in the wake of recent City scandals. The panel itself has since announced changes to its rules governing disclosures of shareholdings during bid battles – one of the areas Mr Channon has highlighted for attention.

It was initially suggested that the Government's review would take around three months to complete. Yesterday, the only comment from the Department of Trade and Industry was that final decisions had not yet been taken. Officials also refused to confirm speculation that Mr Channon will make a statement to the House of Commons next week.

However, Mr Channon is currently thought to favour the panel retaining its non-statutory position – something the panel and the City *have strongly advocated. In order to* bolster its supervisory clout, the Takeover Code will probably be brought into the rulebooks of the various SROs, and representatives of the SROs invited to join the full panel.

If such changes are implemented, the effect would be to reinforce rather alter the current system. One SRO – the Financial Intermediaries, Managers and Brokers Regulatory association – is already represented on the panel, as is the stock exchange itself.

Base rates 'unsustainable,' says report

By Janet Bush

BRITISH interest rates are unsustainable even at their present levels if a serious resurgence of inflation and a substantial current account deficit is to be avoided, according to a report.

"If base rates were to be held at 10 per cent or to fall slightly (as many forecasters seem to think likely), the flood of credit into the economy is so overwhelming that we have difficulty assembling a coherent and plausible view about the economy in 1988," write the authors, Mr Tim Congdon and Mr Peter Warburton, of L. Messel and Co.

They assume a rise in base rates to 12 per cent later this year in order to stave off higher inflation.

L. Messel uses an econometric model which is monetarist in character, employing separate equations for the demand for, and supply of, money. It is highly interest rate sensitive.

The *authors* argue that even at current interest rate levels, the demand for bank credit from the private sector generates excessive growth in broad money and so leads to above-trend expansion in the economy.

They forecast 4 per cent output growth this year, followed by a slight slowdown in 1988 and *problems of correction in 1989.*

Companies will face boycott over support for technical colleges

BY DAVID BRINDLE

TEACHERS' UNIONS yesterday *waded deeper into conflict with the* Government. One union voted to organise a boycott of companies investing in the planned City Technology Colleges (CTC), while another moved *towards a militant policy* of refusal to cover for absent staff.

The moves came as Mr Kenneth Baker, Education Secretary, spoke out against the unions, the National Union of Teachers and the National Association of Schoolmasters/Union of Women Teachers, for deciding to tell their members to mount a permanent work-to-contract (a form of work to rule).

Unions are protesting at the imposition of a pay and conditions settlement on teachers in England and Wales and the abolition of direct negotiations between unions and employers.

Mr Baker said on BBC radio: "I think it sits ill with a group of people who claim to be professional, and claim *quite rightly* to be *professional.* The art and skill of teaching is professional. Professionals don't watch clocks."

The minister's plans for 20 city technology colleges, to be partly financed by industry, may be set back by the decision yesterday of the NAS/UWT conference in Bournemouth to promote a consumer *boycott of products of companies* which participate.

Both the NAS/UWT and the NUT are opposed to the colleges, which would cater for children of secon*dary school age* with an aptitude for technology, design and science. The unions say the scheme would operate at the expense of state schools.

Mrs Chris Keates, a Birmingham NAS/UWT member, said yesterday: "Those of us who work in crumbling schools starved of resources cannot help but feel a sense of frustration and anger when we hear that the CTCs enjoy a level of staffing and resources currently denied to state schools."

Plans for two colleges have been announced so far. One, in Solihull, is to be backed by an initial £1m from Hanson Trust, the industrial conglomerate, and by expertise provided by Lucas Industries. The other, in South Yorkshire, is to be funded by £1m from Dixons Group, the electrical chain.

Both Hanson and Dixons said yesterday they would not be deterred by the NAS/UWT move, but other potential investors may think twice before placing themselves in the line of fire of a boycott campaign

Caterpillar sets date for plant closure

BY JIMMY BURNS, LABOUR STAFF

CATERPILLAR, the US earthmoving equipment manufacturer, said last night that it planned to close its plant at Uddingston near Glasgow on May 11 unless workers agreed to end their 13-week occupation of the factory by next Monday.

The ultimatum followed the breakdown of talks which had been widely expected to produce a plan to reopen the plant for up to a year.

Such a move would have signified an important victory for the Scottish trade union and more than 800 workers who have occupied the plant since the US company announced plans to close it.

But last night it emerged that the talks had broken down on the central issue of how long the plant would be kept open and whether the company would allow all the machinery and parts to remain.

Under a peace formula presented *by the company through Acas,* the industrial relations conciliation service last week, all 1,200 workers employed at the plant would have been offered jobs for the next five months. After this there would have been redundancies for all the workforce, spread over a further five months, with enhanced financial benefits being paid to those laid off first.

Caterpillar said night that it was "deeply disapointed" by the unions' rejection of the offer.

"This decision cannot be compatible with the best interests of the employees. We call for an immediate meeting of the workers to decide by secret ballot," the company said.

Union leaders turned down the offer because they considered the period the plant was planned to stay open too short and because of the company's insistence that machinery and parts would have to be remored from the plant from October.

However the company is counting that what it describes as its "definitive proposal" will split the occupation force in a secret ballot.

UK NEWS

Lynton McLain assesses the choice between costly aero engine research and risking lost markets

Rolls-Royce treads technology tightrope

THE DEATH this month of SuperFan, a futuristic engine, highlighted the acute financial and technical dilemmas of Rolls-Royce and other jet-engine companies as they contemplate research and development (R&D) for advanced high technology projects.

The pursuit of high technology for the original RB-211 engine contributed to the bankruptcy of Rolls-Royce 16 years ago, and investors might be forgiven for thinking the same could happen again.

The dilemma of the engine companies – the big three are General Electric and Pratt & Whitney of the US and Rolls-Royce of the UK – is illustrated by the options open to them: to continue R&D on a project in the hope of success but with the possibility of failure and financial loss, or to abandon a project and risk losing a technical lead over rivals and a dominant share of future markets for advanced engines.

The SuperFan had too many difficulties for a commitment to be given to Airbus Industrie and investors will be seeking reassurances that Rolls-Royce manages its R&D in a more systematic, more rigorous way than in the past.

The company foundered in 1971 when problems of engineering and new technology with the RB-211 engine for the Lockheed TriStar became more demanding than the company had bargained for.

The problems included RR's attempt at too many firsts; the first use of the radical technology of three shafts and carbon-fibre fan blades in an engine twice as powerful as any Rolls-Royce engine then in service.

Deliveries to Lockheed were postponed. Rolls-Royce faced potential liabilities to claims from Lockheed and airlines. Rolls-Royce went into receivership, to be taken over by the Government, which pumped in money to enable the company to solve the RB-211 problems.

Rolls-Royce admits that in 1971 it was "trying to invent the technology for the RB-211 at the same time as it tried to certificate the engine" for airline service.

One senior Rolls-Royce engineer said some of his fellow engineers at the time had the attitude that they could "walk on water" when it came to technical problems. They felt invincible.

Once privatised, Rolls-Royce's access to state funds will be limited, confined to specific R&D contracts and repayable launch aid. As a quoted company, Rolls-Royce will be under pressure to weigh the risks of high-technology development.

Prudence in the management of high-risk projects was shown by its decision to pull back from SuperFan while it was still a "paper engine," a concept and a design study rather than a working engine.

Mr Ralph Robins, the managing director of Rolls-Royce, said at the launch of the pathfinder prospectus for the sale of Rolls-Royce that meeting the timescale for SuperFan was a technical challenge and that continued development would have been an "imprudent step to take in the time available."

The company has developed ways of managing the development of high technology for aero engines that make it less likely that a difficult project will be allowed to run away with itself.

Rolls-Royce's current strategy for R&D, Mr Robins said, was to "reduce technical risks and costs through the use of demonstrator rigs, with the attention concentrated on getting better value for R&D expenditure."

The target is to reduce the risk associated with the old-style development programmes, where engines were developed without an attempt to prove the separate elements and new technologies involved. This is now the approach.

It is much easier and more economic to learn lessons and make changes at this stage than when an engine is developed, Rolls-Royce says.

The aim of reducing the technological risk and high cost of engine development is achieved, where practicable, by proving technologies ahead of their requirement, in advance of the high expenditure phase of an engine project and by making technologies transferable between engines.

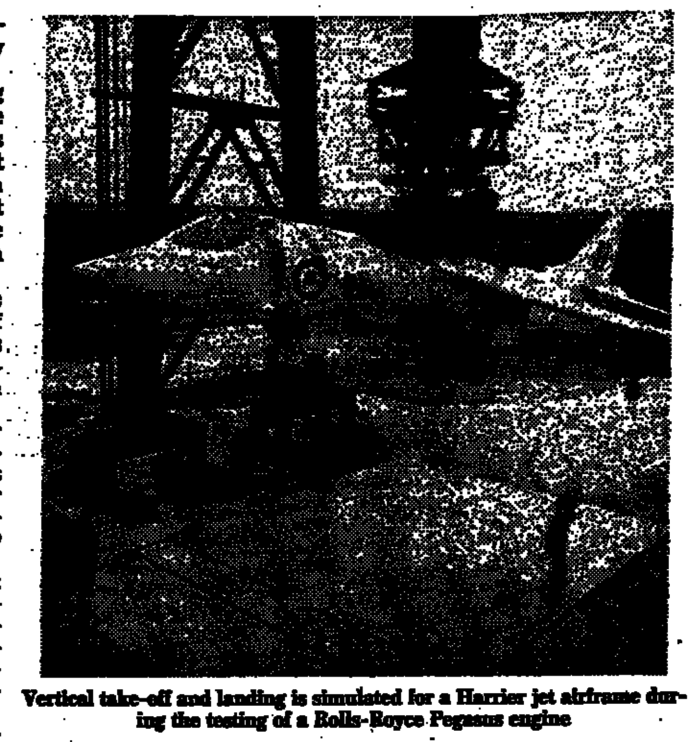
This is the essence of Rolls-Royce's "technology demonstrator" programmes. The strategy is for the evolution of a design concept for a future engine to be followed by about four years demonstrating and proving any new technologies involved. This is before a demonstration engine is built and tested.

The decision on whether to go ahead with the project might be taken in the sixth year, followed by more engine demonstrations before a formal commitment to develop the final engine itself, which might begin in the eighth year.

By spending more money early, Rolls-Royce believes it is able to reduce the amount it needs to spend on full certification work on an engine. Full certification might not be sought until some 11 years after the original concept.

Mr Stewart Miller, the director of corporate engineering at Rolls-Royce – a job that did not exist in 1971 – says: "We were ill-prepared technically in the early days of the RB-211.

"Where we attempted to design an ambitious engine, the depth of our ability was not there; the need for redesigns added to our costs and the engines entered service with poor reliability. The distress got handed on to our customers," he says.



Vertical take-off and landing is simulated for a Harrier jet airframe during the testing of a Rolls-Royce Pegasus engine

"The industry has moved into a mode of more adequate preparation, with the use of demonstator engines."

This "preparation" is advanced engineering carried out by Rolls-Royce's corporate engineering group ahead of any specific engine project. It comprises research at component level on simple rigs and demonstrator testing on core engines, based around the hot core where fuel is burnt.

Mr Hugh Hillier, the Rolls-Royce director of advanced engineering, based at Bristol, in the west of England, says that at this stage there is a heavy emphasis on basic research, the physics and fundamental processes of what happens inside a jet engine.

This work is not seeking knowledge for its own sake. The direction of the research is governed by inputs from the Rolls Royce scientists and engineers about what they feel is possible, and from corporate engineering management about which areas they think will produce a better engine.

"The next step is to overlay this natural intellectual curiosity with ways of advances that will benefit the company." Mr Hillier says. "Another input is an assessment of where the company wants to go from here."

This enables the advanced engineering group to begin to set specialist targets for advances, taking account of what is likely to be required in the market and what the competition is lckely to offer.

A further input comes from the chief engineers for preliminary design on civil and military engines. Their function is to anticipate new products in the market and to propose new engines. "These people generate a technology requirement," Mr Hillier says.

Mr Hillier says the "break point" is when the civil or military engine group has to decide whether to go forward to a full engine certification programme, historically the most expensive part of engine development.

"In the past we started on development programmes with a fair amount of unkown. I like to think that today we can bring forward an idea that not only works, but also has a high level of life and reliability and that we can certificate it while taking significently reduced risks," Mr Hillier says.

The strategy of greater investment in research and engine demonstrator programmes before full engine development and capital investment in computing has led to a 50 per cent reduction in Rolls-Royce's R&D costs over the last 10 years. A further cut of 30 per cent is planned by 1990.

"This attack on R&D costs has enabled new engines to be developed to give a larger range of competitive products in most sectors," Mr Phil Ruffles, Rolls-Royce's director of technology says.

The fall in costs has enabled Rolls-Royce to cut its R&D expenditure between 1975-1985 in constant terms by 35 per cent. Yet the company has more products under development than at any time since the 1960s.

Without the sharper control of R&D, the five major new programmes launched since 1980 "would have cost up to 100 per cent more in R&D terms at early 1970 levels of efficiency than their actual or projected costs," Mr Ruffles says.

The projected launch cost of the new Rolls-Royce joint turbomeĉâ (of France) RTM322 helicopter engine is 44 per cent of the actual development cost of the Gem engine it replaces. Similarly, the new engine for the Eurofighter is projected to cost between 35 per cent and 40 per cent of the cost of developing the RB-199 engine for the Tornado.

Spending on advanced engineering, to prove technologies in advance, has risen from 15 per cent of total R&D in 1980 to 25 per cent in 1985. Rolls-Royce is to increase this to about a third by 1990.

Government support for these programmes has risen rapidly from £12m in 1982 to £44m in 1985, although this declined slightly to £42m last year.

Rolls-Royce's R&D expenditure is broadly similar as a proportion of turnover to that of its main US competitors, but of course Rolls-Royce has a much smaller turnover so less money is spent on R&D.

The "prudent" approach to high-risk future products is also common to Pratt & Whitney, its major partner in the International Aero Engine consortium, which agreed with Rolls-Royce to postpone SuperFan.

It is not necessarily a disadvantage for Rolls-Royce to be spending less absolute money on R&D than its competitors. All the engine companies are getting better value from their R&D expenditure, but the innovative ideas that can make or break a company are not the prerogative of the high spenders.

Rolls-Royce has its Contrafan concept, for a huge engine to power Boeing 747 jumbo jets into the next century. No other engine company has revealed similar thinking.

The company could have a world lead on its hands. The question is, with Contrafan and other futuristic projects, will Rolls-Royce baulk at their cost, risk and uncertainty, or will it press on, treading the technology tightrope and risking all for the chance of a market lead? The old dilemma is not dead.

UK NEWS

Ian Hamilton Fazey on the party political manoeuvring prior to local government elections

Liverpool spring-cleans the militant image

LIVERPOOL'S civic coach – drawn by two grey horses borrowed from a farmer and with the Lord Mayor on board – will make its first official journey today since being taken out of mothballs last week by the city's caretaker, Liberal-Social Democratic Party Alliance leaders.

It will progress slowly round the streets towards the opening ceremony of St George's Hall, a neo-classical building opposite the railway station that used to house the law courts, and which is a monument to a former rich and bustling Liverpool.

The Lord Mayor's office is supposed to be non-political, but today's parade will symbolise the differences between the Liberal-dominated Alliance in the city and Labour, whose caucus – dominated by the Trotskyite Militant group – abolished the mayoralty in 1983.

That caucus was destroyed last month when the Court of Appeal in London disqualified 47 Labour councillors for losses incurred during their 1985 rebellion over rates (local property taxes). So, when the city goes to the polls on May 7, there will be 50 seats at stake instead of the normal 33.

Before the disqualifications Labour held 54 seats, the Alliance 37, and the Conservatives seven, with one vacant. Since only 43 of the 47 rebels were still councillors, the disqualifications reduced Labour's seats to 11. Then, 13 days ago in a by-election, the Alliance gained the vacant seat from Labour.

With an eye on the 12 other gains the Alliance needs for control of Liverpool, Sir Trevor Jones, the Liberal leader, is playing today's parade for all the propaganda it is worth.

The Lord Mayor is unlikely to depart from the script since she is Sir Trevor's wife, Lady Doreen. The office was revived almost as soon as the Liberals took over leadership of the rump council.

St George's Hall also symbolises the differences between the parties. The listed building was closed by Labour after the law courts moved to a new home in 1984. The Government thought it might be developed as a tourist attraction, but Labour refused to co-operate without extra funding.

With impeccable timing for the Alliance campaign, the hall will be open to the public for the next three weeks, and will also have its unique mosaic tile floor – normally protected by boards – on display for only the eighth time this century.

At the same time, the Alliance is launching a spring-cleaning campaign backed by the private sector and the city's developing tourist industry. This will brighten up Liverpool and make a propaganda point that the Alliance is co-operating with Government and the private sector in ways Labour would not.

The Alliance's message is that it is cleaning up both the physical and fiscal messes. It is even getting people's dustbins emptied, remedying one of Labour's most niggling failures.

Meanwhile, Labour's concern is to demonstrate to local and national electorates that it has cleaned up the party.

One problem has been to assemble a militant-free team of 50 candidates. Two candidates have been imposed, and one extremist has been ordered to withdraw by Mr Neil Kinnock, the party leader in Westminster, but Labour's leaders admit that at least six, possibly eight, candidates are known Militant supporters. Militant itself claims 15 candidates, plus up to 10 "sympathisers."

However, leadership is a problem. Not only have the disqualifications robbed the party of many experienced non-Militants, but the caretaker leader of Labour in the rump council may only be able to continue for a matter of weeks.

Lady Doreen Jones: reviving the mayoral tradition

He is Mr Kevan Coombes, former leader of Merseyside County Council, who was persuaded to fight a city by-election last year to be ready to spearhead reconstruction. But he is also prospective parliamentary candidate in a constituency where the Conservatives are defending a single-figure majority. He expects to be "elsewhere" before the end of June.

In addition, Labour's organisation is what one leading party member calls, 'a shambles'. Disbanding the Liverpool district party to fight the highly centalised Militants has also wiped out the Party machine and caused administrative chaos.

By contrast, the Alliance's 'marketing management' approach has been refined and is run by Sir Trevor. So is the Alliance certain to win?

In many wards, Labour has demography on its side. Depopulation by the socially mobile has left legions of unemployed council house tenants who are expected to vote Labour come what may. A ghetto-like atmosphere of political sectarianism prevails, with jobs as rare as middle class neighbours.

Sir Trevor is predicting 12 gains from Labour and three from the Conservatives; while Mr Coombes thinks that Labour will just control the new council. However, one Militant activist predicts 48 Labour seats, to 47 Alliance, with four Conservatives holding the balance of power.

Only the Conservatives believe they can hold on to all three seats they are defending, even though they lost in two of the wards last time. Mr Geoffrey Brandwood, their deputy leader, says: "With a general election impending, support is coming back to us."

Last year the Alliance took 46 per cent of the popular vote against Labour's 42 per cent, but Labour held on to key marginal wards and kept power. Anti-Labour tactical voting in Tory wards saw the Conservative share drop to only 12 per cent of the vote and all but one seat fall.

The fate of the three Tory seats is, therefore, crucial on May 7. If they are held, the Conservatives will probably hold the balance of power on the new council. But if the Alliance wins them, it will have that much less to do in its battle on the Labour front.

CANADIAN MINING

Bernard Simon on the problems of a resource diplomacy showpiece

Quintette mine struggles to survive

NEMOTO PLAZA, the square in front of the Tumbler Ridge town hall in the foothills of the Canadian Rockies, is named after the former senior managing director of Nippon Kokan, one of Japan's leading steelmakers.

The honour was bestowed on Mr Nemoto by a Canadian mining company grateful for his role in persuading Japanese steel mills in 1981 to sign their biggest single contract with a foreign coal supplier—a contract which led to construction of a C$1.2bn (US$909m) mine 15 km south of Tumbler Ridge.

Relations between the Canadians and their Japanese customers are no longer so cordial. The Quintette mine is now locked in a struggle for survival with the steelmakers and its 56 international creditors. Tensions have reached the point where Nippon Kokan's representative resigned last month from Quintette's board of directors.

More is at stake than the future of a big coal mine. Quintette, opened less than three years ago as a showpiece of international resource diplomacy, has turned into a focal point of the friction which depressed markets have created between raw materials exporters, their customers and creditors.

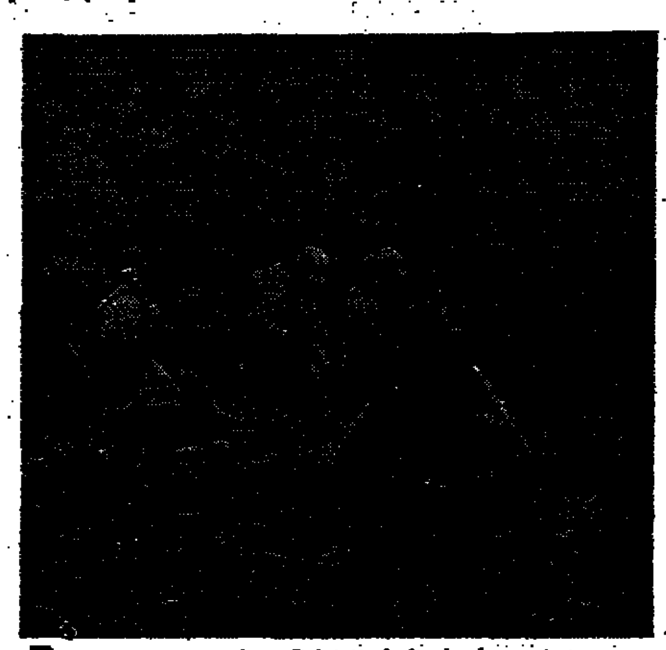
In particular, the dispute over Quintette has raised questions about the extent to which suppliers should be cushioned from market forces by contracts written at a time when conditions were vastly different from what they are today.

The stakes are especially high for Canada. Quintette was part of a C$2.7bn coal and transportation project in north-east British Columbia built with generous federal and provincial government support in the early 1980s on the strength of contracts with the Japanese mills.

Other components of the project included the smaller Bullmoose mine, the town of Tumbler Ridge, a 130 km railway line, and a port on the Pacific coast with loading capacity of 12m tonnes of coal a year. Coal is Canada's largest single export to Japan, with 1986 sales reaching C$1.4bn.

Quintette owes its existence to Japanese steel mills' eagerness in the early 1980s to diversify their sources of supply. The need for a secure, reliable metallurgical coal supplier was hammered home just a month before the 15-year Quintette contract was signed when a labour dispute disrupted coal shipments from Australia.

In their eagerness to get the Canadian mine off the ground, Japanese steelmakers, trading companies and banks invested an estimated C$500m in the project. Nine of the mills have a 10 per cent shareholding in Quintette. Mitsui Mining, and two trading companies (Tokyo Boeki and Sumitomo) own a further 28 per cent between them. Denison Mines, the Toronto resources group which manages Quintette, is the biggest shareholder with a 50 per cent interest.



Geologists at work on Quintette in its development stage

The Japanese also agreed to pay a price for Quintette coal well above then-ruling market levels. The premium reflected the high cost of building the remote mine and its accompanying infrastructure, and the cost of servicing its C$750m debt.

The 1981 contract provided for shipments of 5m tonnes of metallurgical coal a year at a base price now set at C$103 per tonne (after inflation adjustments). Costs have never been disclosed, but are estimated at around C$70 per tonne before interest charges. Debt servicing adds roughly another C$25 per tonne.

Quintette hoped to raise its revenues by an extra C$80m a year and earn the bulk of its profits by selling 1.3m tonnes of lower grade thermal coal to Mitsui Mining and Nippon Kokan.

The Japanese steel industry and world coal markets have gone into steep decline since the first coal train left Quintette in December 1983. Market prices for metallurgical coal are now below C$60 per tonne, in other words not much more than half Quintette's base price and C$12 to 14 per tonne below its operating costs.

Pressure on Quintette to lower its prices has steadily increased, not only from the Japanese, but also from competitors which have accepted steep price and volume cuts. Two older mines in south-east British Columbia will ship half their contracted tonnages this year at a price of US$44 per tonne (C$57).

Quintette agreed in 1985 to a "temporary" price cut of C$8.50 per tonne, bringing its return down to C$94.50 per tonne. The steel mills have also exercised a contractual right to reduce shipments by 5 per cent. These two adjustments have cost the mine C$60m a year in lost revenues.

The neighbouring Bullmoose mine, whose contracts provide for sales of 1.7m tonnes a year to Japan, has made similar concessions.

Quintette has given up another C$80m as a result of the collapse in thermal coal prices. The mine has been forced to stop producing thermal coal as a primary product. It will ship less than 0.2m tonnes this year.

The steel companies' problems in their home market have led to demands that both Quintette and Bullmoose move even closer to world prices. The mills' use of high-grade metallurgical coal has been further dented by growing use of cheaper, lower quality material.

The Canadians are adamant that world prices are not at issue. Mr Paul Kostuik, president of Quintette Coal, says that the mine "was put into place on the basis of contracts."

According to Mr Kostuik, any price lower than the base level of C$103 per tonne puts Quintette under strain. While the mine has a positive cash flow at the present price of C$94.50 per tonne and can make interest payments on its debt, it is unable to continue principal repayments.

Mr Gilbert Bennett, a prominent Canadian industrialist commissioned by Denison Mines last year to work out a restructuring for Quintette, says that "the project can't work without everyone making some sacrifices."

In a report completed last November, he proposed lower rail and port handling charges, an adjustment in Denison's management arrangements, stretched debt repayment periods, and coal prices higher than world levels. Denison has rejected Mr Bennett's recommendations and circulated proposals of its own.

No restructuring can proceed, however, before agreement is reached on prices.

Some participants in the Quintette saga think the Japanese are willing to let the mine close if it fails to agree to their price demands. There is no shortage for the time being of alternative coal supplies at much lower prices.

Denison's auditors signalled their doubts on the future of the project a year ago by instructing the company to write off its entire C$241m investment in Quintette.

The steel mills are unlikely, however, to have things all their own way in the current price negotiations. Some of Quintette's biggest lenders want to keep the mine running, even if they have to accept delays in debt repayments. The banks are confident that the coal market will again swing in favour of sellers during the 1990s.

The price talks were due to be completed by April 1, but the two sides are still far apart. If the negotiations collapse, an arbitrator may be given the unenviable job of deciding Quintette's fate.

Pleasant surprise in demand for executives

BY MICHAEL DIXON

THERE are few things the Jobs column likes to see more than a trend being bucked, especially when the bucking is in a cheerful direction. Hence my pleasure at the unexpected development revealed in the table alongside.

The figures trace movements in demand for managers and other key staff in the United Kingdom, as measured by the MSL International consultancy's counts of job advertisements in prominent journals. The counts, which MSL has made every three months since 1959, have hitherto shown that the demand moves in cycles with a continued rise over four years or so followed by an unbroken fall over a similar length of time.

Accordingly just 11 weeks ago I said that, since the latest consistent upswing had ended half way through 1985, we looked to be in the middle of a decline that could be expected to go on until 1989. But events have answered that gloomy forecast with a resounding "Rubbish!"

The latest quarter suddenly reversed the downward trend. As the bottom line in the table shows, the total of jobs for managers and senior specialist staff advertised during January-March this year jumped to 9,166 from 8,804 in the corresponding period of 1986—a rise of 4.1 per cent.

While always inclined to look on the bright side, however, I doubt that the development merits more than two cheers.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND SENIOR SPECIALIST STAFF
(12 months to March 31)

Type of work	86-87 Posts advertised	86-87 Change from 85-86 %	85-86 Posts advertised	85-86 Change from 84-85 %	84-85 Posts advertised	84-85 Change from 83-84 %	83-84 Posts advertised	83-84 Change from 82-83 %	82-83 Posts advertised	82-83 Change from 81-82 %
R & D	3,378	−42.0	5,823	−22.6	7,527	+ 5.4	7,139	+26.6	5,639	+72.2
Marketing	6,124	− 5.0	6,447	− 0.8	6,502	− 3.2	6,718	+14.2	5,883	+39.4
Production	4,807	−23.8	6,311	−12.1	7,178	+15.5	6,217	+36.3	4,561	+37.7
Accounting	6,732	+ 5.2	6,401	+ 2.2	6,261	+11.6	5,611	+20.4	4,660	+15.1
Computing	3,686	− 7.8	3,998	− 6.7	4,287	+34.1	3,196	+34.6	2,375	+85.1
General mgt	1,385	+ 6.0	1,307	+ 4.0	1,257	− 5.1	1,325	+ 3.4	1,281	+50.9
Personnel	1,005	+15.5	870	−19.8	1,085	+13.4	957	+40.5	681	+32.0
Others	5,735	− 6.9	6,162	− 0.8	6,214	+39.3	4,460	+53.8	2,900	−10.9
Total	32,852	−12.0	37,319	− 7.4	40,311	+13.2	35,623	+27.3	27,980	+34.8
April-June	8,172	−21.5	10,412	+ 3.8	10,034	+20.3	8,340	+49.2	5,590	+18.0
July-Sept	7,464	−19.4	9,507	− 2.6	9,760	+20.7	8,086	+18.5	6,822	+54.6
Oct-Dec	7,850	− 8.7	8,596	− 3.3	8,893	+ 3.9	8,560	+32.3	6,468	+29.7
Jan-March	9,166	+ 4.1	8,804	−24.3	11,624	+ 9.3	10,637	+16.9	9,100	+37.5

One reason is that, when the 12 months to March 31 are taken as a whole, the 1986-87 total of 32,852 is still 12 per cent down on the total for 1985-86, which itself showed a 7.4 per cent decline from the figure for the 12 months before.

A further reason lies in the types of work which account for the latest quarter's increase. As is shown by the figures in the upper part of the table, the upturns have been limited to three categories. But two of them are general management and personnel in which numbers recruited are far smaller than they are in the other—accounting and finance. Staff in that third category were the target of no fewer than 330 of the 362 job-offers by which the latest quarter's total exceeded that of January-March 1986.

In previous years large importations of accountants and the like have all too often been precursors of still larger sheddings of workers of other kinds.

On the other hand there has been a continuing fall in job offers for high-rankers in research, development and design. Openings have also gone on dwindling, albeit less sharply, for sales and marketing people. Levels of recruitment in the R and D and sales categories have hitherto usually been lead indicators of the trend in industrial activity. Their present message is made the more discouraging by the drop of nearly a quarter in the demand for production executives.

Much the same conclusion is suggested by MSL's parallel counts of executive-type jobs in four main sectors of industry and commerce.

Advertised openings in energy-related operations over the 12 months to March 31 were down to 1,204 from 3,802 in the previous 12 months. There were also falls to 2,862 from 3,802 in high-technology companies, and to 978 from 1,107 in food, drink and tobacco. By contrast jobs in retailing were up by 20 over the 1,105 offered in the 1985-85 period.

Someone told me the other day that the hard-headed Scots engineers who worked at Singer's sewing machine plant near Glasgow, which closed in 1980, never believed there was a market big enough to absorb the factory's huge output. What really happened, they suspected, was that trucks leaving the front gate with finished machines took them straight to the fondry at the back, where they were melted down and the whole manufacturing process started over again.

Can it be that a comparable sort of perpetual motion is now at work allowing the British nation to live, not by making things, but by manipulating and spending money?

Hybrid

JUST before Easter I listened while the head of Knottingley High School in Yorkshire and one of his deputies discussed the staffing of the school for the next academic year. After a couple of hours they agreed that all their problems would be solved if they could recruit someone with the experience and qualifications to put in 14 periods a week giving careers lessons and a further 12 teaching art.

Whereupon, as I know that this column has readers with various weird and wonderful combinations of ability, I said I'd mention the vacancy and see if any of you volunteered.

On reflection, however, I think that your amazing stock of talents is more likely to include the somewhat different combination sought by Grenville Mills who, aided by a secretary, runs Computer Intelligence (UK).

Based in Canterbury, the company specialises in providing courses on computer-audit and security for finance-sector companies, and most of its customers are overseas. So the person whom Mr Mills is seeking to spearhead the expanding training activities will spend about 20 weeks a year abroad, in places ranging from the Caribbean to the Far East.

One essential for the job, he says, is familiarity with finance-sector accounting and auditing gained through experience in a broad range of banking work. But candidates should also be demonstrably skilful lecturers "who enjoy being up on a platform and can understand and cater to the needs of the people who are trying to learn, even though English may not be their first language."

Where applicants live doesn't much matter because the newcomer will be expected quickly to assimilate the company's training material and then go and run the courses wherever they are wanted. Meetings with the boss will take place only about once a month.

Pay indicator £20,000-£30,000, with possibility of profit share among negotiable perks.

Inquiries to Mr Mills at 6 Stour Street, Canterbury, Kent CT1 2NR; telephone 0227 793555, telex 96118 Anzeec G

Advertising Appointments

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If you are interested, please contact:

David Ackroyd,
Williams de Broe Hill Chaplin & Company Ltd,
P.O. Box 515, Pinners Hall,
Austin Friars, London EC2P 2HS.
Tel: 01-588 7511

CORPORATE FINANCE ★ EXECUTIVES ★

Our client, a leading UK Accepting House with an increasing client portfolio, is seeking to expand its corporate advisory teams. Applicants will be Chartered Accountants in their mid to late twenties with first time passes probably from a top ten firm. Individuals who have performed Corporate Finance related investigations work will be at a particular advantage to further their careers in the following fields:

- ★ Management buy outs
- ★ Mergers/Takeovers
- ★ USM and full listings
- ★ Acquisition targetting

In addition incumbents must display the flair, ambition and confidence to impress clients and colleagues at all levels.

For further details please contact:
Jon Michel, Tim Clarke ACA or Robert Digby (who can be contacted outside office hours on 01-870 1896).

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Director of computer information and communications services

Merchant banking

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C&L

For one of the foremost independent merchant banks, long established as a leader in the fields of corporate finance, investment management and banking services with an outstanding reputation for excellence. Progressive and innovative, the Bank fully recognises the vital importance of Information Technology as a key feature in providing competitive advantage and now seeks to appoint a strongly commercially orientated director to spearhead future developments.

Reporting to the Director of Finance and working closely with a Computer Committee drawn from the highest levels of management, you will have overall responsibility for the continuing development and implementation of an Information Technology strategy to underpin the Group's long term business plans. A key part of your role will be to provide an effective interface between the Board, the Computer Committee, Users and the IT Department.

Probably aged around 40, you will be a top flight manager or consultant in the Information Technology sector, with broad based business skills, a strong commercial bias and a first class record of managing and implementing major IT strategies. A working knowledge of Merchant Banking and financial services will be an advantage. Accustomed to being a catalyst of change, you must be forceful, persuasive and able to demonstrate interpersonal skills of the highest level.

With a negotiable salary and a quite outstanding benefits package, it is unlikely that remuneration will be a barrier to the appointment of the right candidate.

Résumés in complete confidence, including a daytime telephone number, to Torrance Smith, Ref. TS677.

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- ☐ contribute to the process of strategic analysis in support of the evolving Business strategy
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A background in business and/or financial planning is essential together with significant analytical and quantitative skills and the ability to communicate effectively with senior management.

The post will be located in London. Some travelling will be involved.

A competitive salary of around £24,000 is offered. A valuable benefits package includes a generous pension scheme, performance linked bonus, 5 weeks holiday and relocation assistance where appropriate. There are good opportunities for advancement within the Business or Corporation.

Please write with full personal and career details to Ian Dunn, Room 423, Counters Business Headquarters, UAC House, Blackfriars Road, LONDON SE1 9UA, by 8th May 1987.

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ANALYST

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Loan Capital Trusts

Senior appointment

Competitive salary etc — London

As a result of continuing expansion, our client The Law Debenture Corporation p.l.c. wishes to make a senior appointment to its new issues team which is responsible for the setting up of trusteeships, principally for Eurobond issues.

Applicants aged 25 to 35 should offer experience of corporate trust administration or related experience working in a legal, accounting or corporate finance environment in the City. An appropriate professional qualification would be an advantage.

A competitive salary based upon ability and previous experience will be offered plus an excellent package of fringe benefits. Prospects of further career advancement are realistic within an expanding and progressive organisation.

Other Appointments

In addition to the above, there are opportunities at a less senior level in the Trust Administration Department and those interested should also reply.

Applicants can make application by quoting MCS/7212B and enclosing a full CV plus salary history to:
Michael R. Andrews
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

Securities Sales

£ Highly Negotiable

The Merchant Bank subsidiary of a major US bank is expanding its London based securities sales force. They currently seek an experienced salesperson who will be expected to increase the Bank's sales of primary and secondary market issues to institutional and high net worth clients in the UK, France and Scandinavia.

Ideal candidates will be graduates/MBA's with a minimum of two years' experience in the securities industry and a thorough knowledge of the Canadian and/or Australian markets. Fluency in both French and English is essential as is proven experience of sales to European clients.

Applicants with the personal strengths to develop business and supervise a small team should contact Sally Poppleton, Manager Securities Division on 01-404 5751 or write to her enclosing a comprehensive curriculum vitae at 39-41 Parker Street, London WC2B 5LH, quoting ref. 3750.

MP

Michael Page City
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HEAD OF FIXED INTEREST FUND MANAGEMENT

Manage the Fixed Interest Department of a highly successful global fund management organisation.

This position is likely to appeal to a fund management executive in his/her thirties who is ready for the opportunity to run a Fixed Interest Department with very substantial international investments. The Company's asset growth has been spectacular over the last three years largely because of consistently superior performance and a professional approach to research, client communication and marketing.

As head of the Fixed Interest Department you will be responsible for managing a considerable share of the funds and for building your team to meet future expansion. You will also play a prominent part in determining overall investment strategy. You are likely therefore to have had at least five years' experience in the management of fixed interest funds in major currencies and will have a good knowledge of the international investment market. You will almost certainly be a graduate in a numerate discipline and will possess well-developed interpersonal and managerial skills.

As the Company is connected to one of the world's leading financial organisations, you will be able to draw on impressive global research capabilities as well as top quality in-house expertise.

The compensation package offered reflects the Director level status of the job and includes the full range of banking benefits. If you are interested in being considered for this position, please write in complete confidence to **John Sears and Associates, Executive Recruitment Consultants, Cavendish Court, 11/15 Wigmore Street, London W1H 9LB or telephone 01-629 3532.**

John Sears and Associates

A MEMBER OF THE SMCL GROUP

Synthetic Asset Trading

Our client wishes to appoint an additional experienced person for their cross markets "deal creation" team.

You will be involved in working as part of a flexible trading activity in conjunction with the active trading book of the investment banking sector of a large bank. There will be frequent contact with the primary and secondary Bond markets, the swap market and other banks. The role allows for considerable freedom of operation.

In your mid/late 20's you should have an understanding of composite transactions and be familiar with the use of PC's. It is likely that relevant experience will have been gained in one or more of the following areas.

- **Swaps**
- **Fixed Interest Securities**
- **Loan Syndication**

This particular market area is both young and growing fast, so career development prospects are excellent.

Please write with full details. These will be forwarded direct to the client. List separately any companies to whom your application should not be sent. Michael Hordern, ref. MH/B/18.

MSL International (UK) Ltd, 52 Grosvenor Gardens, London SW1W 0AW.

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EXECUTIVE RECRUITERS (TRAINEES)

The rapid expansion of our business in the major money markets of the world (London, New York, Hong Kong, and Tokyo) has created the need for several trainees in our London (City) office. Candidates must possess a university degree (or some equivalent), excellent verbal and written skills, a professional demeanor, and a high energy level. Knowledge of the securities industry (shares or bonds) is highly desirable but not mandatory. We offer excellent salaries, bonus incentives, and BUPA, as well as exciting long-term career opportunities.

Please reply with CV and/or letter in strictest confidence to:

Box A0499, Financial Times
10 Cannon Street, London EC4P 4BY

TCB

COMMERCIAL LENDERS

TCB provides a range of banking services to customers nationwide but specialises in property funding. Due to continued growth we now require both experienced and trainee loans officers to augment our existing team of specialist lenders.

The successful applicants are likely to be in the age range 25-35, possess or be studying for a relevant professional qualification and will be responsible for identifying and evaluating all types of commercial, residential and industrial property deals through to credit proposals.

The positions will be located at the Company's Head Office in Brighton and carry excellent salaries together with generous fringe benefits including non-contributory pension scheme, BUPA, etc.

Please write with full curriculum vitae to:

The Secretary, TCB Limited
Century House, 15/19 Dyke Road, Brighton
East Sussex BN1 3FX

BANKING SUPERVISION DIVISION—ANALYSTS

Expansion of the Bank of England's Banking Supervision Division has *created a number of vacancies* on the Permanent Staff for Analysts with relevant banking experience to work on the supervision of the 600 *or so institutions authorised under* the Banking Act 1979.

Primary responsibilities will be the analysis of financial statements of authorised institutions and assistance in discussions about all aspects of their business with senior management of the institutions concerned, both at the Bank and at the offices of the institutions. Successful candidates (ideally in their late 20s/early 30s) would typically have acquired a thorough grounding as trainees with a major bank or finance house, including experience as a junior lending officer, internal auditor, and/or securities clerk. Candidates with experience of analysing the balance sheets of financial companies for investment purposes may also be suitable.

Salaries will be negotiable according to age, experience and *qualifications but are unlikely to* be less than £17,000 (including London Allowance) plus fringe benefits.

Application forms may be obtained by writing to the address below, or by telephoning on **01-601 4518/4618.**

Completed applications should be returned by 13th May to:
Mr. D. A. Sharp, Personnel Division (HO-5), Bank of England, Threadneedle Street, London EC2R 8AH.

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Taking immediate responsibility for a portfolio of accounts, and working closely with the Marketing Manager, this is an ideal first step towards a full marketing rôle. A key member of the business development team, you will be acting as a point of contact for corporate clients, maintaining the existing Energy Project Loans. Your contribution to the team's marketing success will be reflected by early progression into marketing.

Whilst a sound analytical background is a pre-requisite, qualities of maturity and self-confidence will be just as important.

For further information please contact Anita Harris on 01-606-1706, or send a detailed Curriculum Vitae to the address below.

Anderson, Squires Ltd.,
Bank Recruitment Specialists
127 Cheapside, London EC2V 6BU

Anderson, Squires

CORPORATE PROJECT ANALYST

"Using advanced analytical skills to develop product and new venture proposals for main board consideration"

Computer Industry — **c£25,000 + car** — **Thames Valley**

Our client is an international manufacturer of business computers developing its own hardware and software and who, in conjunction with third party products, provide total solutions to its world wide customer base.

This project based role will report directly into the main board and will, through liaison with senior marketing, development, operations and finance executives, become the focal point for the prep. and analysis of product and new venture proposals.

Applicants will have had previous exposure at corporate level of business validation, feasability research and planning, plus the ability to format their findings for policy recommendation. In addition to highly developed analytical skills, an inherent business acumen and a practical commercial understanding, ideally of today's IT industries, the ability to communicate on a strategic level will be our prerequisite.

In the first instance, forward a comprehensive CV with salary details and quoting ref. CD031 to: **Chris Paling at Christian Davies Consultants,** Four Rivers House, Fentiman Walk, Hertford SG14 1DB. **(0992) 501122.**

CHRISTIAN DAVIES

Senior Credit Analyst

City — c.£20,000 + benefits

Our client is a leading International Securities firm based in London. The continued need to improve operational controls has resulted in the need to recruit a highly motivated and ambitious senior credit analyst.

Reporting ultimately to the Financial Director, the successful candidate will establish control of both existing and new corporate and private clients' credit limits, and the monitoring and reporting of credit exposure.

Applications are invited from young, commercially aware credit analysts with at least three years experience gained in an international *financial services environment. Excellent analytical* and communication skills are required as is the ability to work under pressure.

The remuneration package will include a mortgage subsidy, non-contributory pension scheme, BUPA and a performance related bonus. Opportunities for career advancement are limited only by personal ability.

Interested candidates should send a comprehensive curriculum vitae quoting reference LM878, current salary and a day time telephone number to Andrew Sales FCCA, Executive Selection at Spicer and Pegler Associates, Friary Court, 65 Crutched Friars, London EC3N 2NP. All enquiries will be treated in the strictest confidence.

Spicer and Pegler Associates
Management Services

TARGET GROUP PLC

Graduate Opportunity—Investment Marketing

The Target Group, a fast expanding unit trust, life assurance and pensions group is looking for an investment orientated person to join their investment marketing department.

The position requires a keen interest in current and economic affairs and ideally applicants will be educated to degree level in a relevant area.

Responsibilities will include the formulation of investment strategy, the preparation of specialised *investment reports, the monitoring of fund* performance and the development of group marketing activities. The ability to lucidly communicate investment views will also be of key importance.

Please write with full details to:

The Investment Marketing Manager,
Target Group Plc, Alton House,
174/177 *High Holborn, London* WC1V 7AA

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Fund Management in Hong Kong

Schroders Asia Limited is seeking to employ a Fund Manager to join its Investment Division.

The successful candidate will manage or assist in the management of established pension fund, unit trust and/or substantial private client funds invested on an *international basis and will act as a specialist in one* major market or market area for purposes of group input.

Applicants should be in their mid to late twenties, possess a degree and/or a professional qualification and should have had at least two years' experience as an analyst followed by some time spent managing funds with a merchant bank, broker or institution.

An attractive salary is offered together with a range of expatriate benefits including free furnished accommodation and return air fare to the UK.

Interviews will be held in London on the 15th May 1987, and applications (which will be treated in the strictest confidence) should be directed to Miss Jo Heigho, Personnel Manager, J. Henry Schroder Wagg & Co. Ltd., 120 Cheapside, London EC2V 6DS.

Replies should reach the above address on or before 30th April and should include the applicants' day-time telephone number.

Schroders

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AMATEUR ATHLETIC ASSOCIATION

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Please apply in writing, with full curriculum vitae (including current salary status), to:

The Chairman
Amateur Athletics Association
Francis House, Francis Street
London SW1P 1DL

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US/Canadian Sales

A leading North American securities house is in the process of expanding its Eurobond and Equity sales teams. As a result, they seek to recruit the following *staff:*

Eurobond Sales – The requirement is for a Eurobond Salesperson with a minimum of 3 years' experience selling Canadian dollars to Japanese institutions in London. Fully conversant with the Canadian Financial markets/currency, candidates are also required to have fluent Japanese.

Equity Sales – Selling Canadian and US equities to institutional clients in the UK, Europe, Far East and Middle East. Applicants must have at least 2 years' sales experience in the Canadian securities industry and have a thorough knowledge of the North American equities market. Experience of the gold bullion market would be an advantage. Candidates should be fluent in French, German and Italian, and have a working knowledge of an Oriental language.

Salaries will be highly competitive and will include an excellent benefits package.

Interested applicants should contact **Sally Poppleton** or **Anna Robson** on **01-404 5751**, or write to them, enclosing a comprehensive curriculum vitae at 39-41 Parker Street, London WC2B 5LH, quoting ref: 3751.

MP
Michael Page City
International Recruitment Consultants–London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

FUND MANAGEMENT
UK EQUITIES
£25,000 to £95,000

On behalf of several International Banks and Investment Management Houses we are searching for high calibre investment managers.

Approaches are invited from able individuals, *aged 25 to 35, with a proven track record in equity* research and/or investment management and a sound understanding of the U.K. market. Good communicative skills are essential. Experience of strategy and client presentations is necessary for senior assignments.

These positions are likely to appeal to those who now wish to join highly regarded City names and play an important role in their continuing growth. This could involve joining an expanding team, or taking over responsibility for substantial pension funds, high performance funds or unit trusts.

To discuss the standing, scope and prospects offered by these clients, or to talk about the market generally and be kept informed please contact Philippa Foy in confidence. 20, Cousin Lane, London EC4R 3TE. Telephone 236 7307.

STEPHENS ASSOCIATES
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EQUITY SALES
£20,000 to £200,000

Many securities houses wish to develop or expand their sales desks at present. You may have received approaches from some, but others may have felt that you were too settled to consider a move ...

On behalf of a number of major names we invite approaches from self motivated individuals, aged 24 to 38, with a proven track record in general or specialist equity sales to the U.K., European, U.S. or Japanese institutions in London, New York or Tokyo.

For a confidential talk about specific positions, our clients and the market, or to be kept informed generally, please contact Hamish Fulton. 20, Cousin Lane, London EC4R 3TE. Telephone 236 7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

Our client, a small, independent City merchant bank, is looking for the following:

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The successful candidate will work with a small team and be expected to carry out analysis and give investment advice on markets both in the UK and internationally.
This is an exceptional opportunity to join a growing team with the possibility of future promotion to the highest level.
To qualify, candidates should be aged mid 20s to early 30s with a graduate level intellect, relevant experience and a strong enthusiasm for investment management.

CORPORATE FINANCE MANAGER

A self-motivated candidate is required who can meet the challenge of tackling a variety of projects, work with senior management to develop and implement effective solutions to business problems.
The successful candidate will be expected to contribute significantly to the overall development of the department and be rewarded accordingly.
An MBA or equivalent is desirable as is a knowledge of corporate finance, its codes and practices with particular emphasis on small companies.
Interested applicants should write, with a comprehensive curriculum vitae, to:

J. Adcock, CLARK WHITEHILL CONSULTANTS, 25 New Street Square, London EC1A 3LN

International PRIVATE CLIENT MANAGER

£50,000 upwards

Our client is a small, highly regarded, privately owned company specialising in the management of high networth private client portfolios — many of which are offshore. They seek an additional manager to join their internationally orientated team in London.

We invite approaches from able portfolio managers, in their late 20's to mid 40's with attached private clients and an understanding of international markets.

This position is most likely to attract those who now wish to develop their business with greater autonomy, independence, and security than is possible in many of today's financial conglomerates and yet have excellent systems and back up.

For an initial talk in confidence please contact *James Younger who is acting as advisor.* 20, Cousin Lane, London EC4R 4TE. Telephone 236 7307.

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SEARCH & SELECTION IN SECURITIES & INVESTMENTS

S T

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This is an excellent opportunity for an ambitious person with a comprehensive in-depth knowledge of the Unit Trust industry seeking to further his or her career with a progressive Financial Service Company. An attractive remuneration package will be offered to the successful candidate.

Please write with full details, in confidence, to:

J. K. Hoskin, Esq
SPENCER THORNTON & CO.
Spenthorn House, 22 Cousin Lane
London EC4R 3TE

BULLION BROKER

EXCO INTERNATIONAL p.l.c.

is shortly to transfer the activities of its Zurich based bullion broking subsidiary to London. The new company is looking for staff with at least 2 years' experience of bullion broking or trading. Salary packages will be competitive and include a profit related bonus.

Please apply with full C.V. to Paul W. Burnand, Director, Exco International p.l.c.

80, Cannon Street, London EC4N 6LJ.
Tel. (01) 623 4040.

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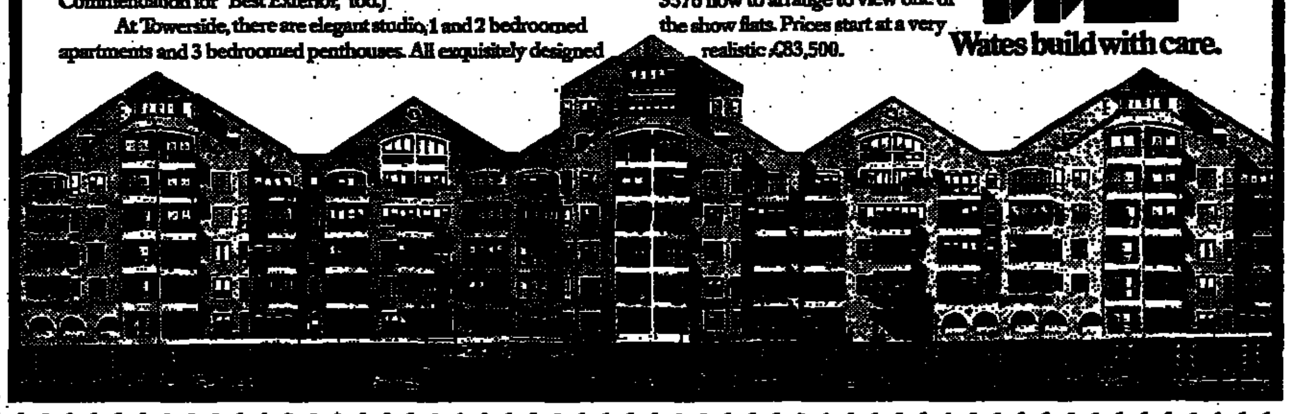

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THE ARTS

Television/Christopher Dunkley

Commercials good, bad and infuriating

Television commercials are, in many ways, like television programmes. There are good and bad ones, those that delight—such as the new one in which Bob Geldof with his usual designer stubble extols the advantages of a throwaway razor and then asks "Do I use one? You must be joking!" as he tosses it over his shoulder—and those that infuriate. It would please me greatly if I never had to sit through another of those long, contrived advertisements in which Roy Kinnear, dressed up as a Roman soldier, sings the praises of Harlow New Town (or is it Corby; so often with commercials the name is the last thing to register).

It would be equally good not to have to watch any more of the series in which Leo McKern seeks to promote a bank, and the other series in which the Two Ronnies appear for a car hire firm. Both are too long, fail in the attempt to be funny, and prove that familiarity can breed contempt quicker in commercials than almost anywhere.

However, as with programmes, there are long-running series whose inoffensive familiarity breeds benevolence rather than contempt, even if you do not really like them: the PG Tips series with the "talking" chimps for instance. And then there is a growing number of commercials which seem almost deliberately obscure. It would be a good idea if the people who make "moisturising body mousse" would tell us what it is and what you are supposed to do with it, supposing that you cannot for the moment find a gorgeous girl dressed only in French knickers to spray it at.

Would the bank which offers to help us buy squadrons of jump jets to fly over our terraced houses like to explain what good this is supposed to do? And who knows why we are supposed to be attracted to a car which is apparently beyond human control and given to crashing through plate glass windows?

Above all, does anybody understand the new tyre commercial in which the little boy has to get out of the car to go to the lavatory? When he returns nobody says a word, but the driver, presumably his father, looks either very quizzical or very worried or very puzzled. It is not clear what any of this has to do with tyres.

There are other cases where the intention is only too clear and yet the result is still irritating. Kodak has started a campaign using Geordie actor Jimmy Nail, best known for *Auf Wiedersehen Pet*, to promote film. If Kodak had some unique selling point—our film is cheapest, easiest to load, gives better results—then presumably they would use it. Instead they have resorted to the claim that Kodak has "clicknology." You do not need to have read David Churchill's article in Saturday's FT explaining that Kodak's share of the 35 mm film market is estimated to have fallen from 75 per cent to 45 per cent, largely due to the growing popularity of "own brand" film, to identify "clicknology" as both desperate and risible.

But not all commercials are annoying. Many are funny and a few are, technically speaking, virtuoso examples of film making. Indeed, at this time of the year with so many drab programmes around, the commercials can easily turn out to be the brightest part of an evening's viewing.

Take, for example, the advertisement for Crown paint which uses "painting by numbers" as its motif. It is a miniature masterpiece combining a memorable phrase of orchestral music, humour (the barrow boy bagging up blue apples, the brilliantly coloured businessman coming through the door) and technical trickery, to dazzle the viewer: the colour flowing in to fill the numbered spaces and create the Sistine ceiling or a girl in a caravan. Goodness only knows what it cost to create—tens of thousands of pounds, presumably—so it is no great surprise that in its few seconds it can put to shame much of the cheaper programming around it.

The same goes for the splendid British Airways commercial which started the present narrative series, the one in which a man drops his briefcase off a high building and the "Supergirl" stewardess speeds down and rescues it. For me this ad would be much less effective if it lacked that half-second glance of mock modesty which the stewardess aims at the camera after using her super-breath to blow down the window blind.

Bob Geldof in the latest Wilkinson Sword advertisement

That glance says "Yes, we know it's a parody, and a barmy one, but it's fun isn't it?" This invitation to the viewers to contribute to the effectiveness of the commercial by reference to their own knowledge of the rest of the medium is rapidly becoming one of the most striking attributes of many of the most memorable campaigns.

The most obvious instance is the current Heineken ad which packs enough melodrama into its cod *Dallas* sequence to last the real series for an entire season. The British Airways Authority has gone one better. Instead of a pastiche with a cast looking like the real thing they have hired the actual actors from ITV's *Airline*, led by Roy Marsden, bought the rights to the series' signature tune, and created their commercial as though it were an extract from the series with the cast even behaving in character.

Yet the most involved example of this type, and surely one of the funniest of all commercials, is the one which starts out looking like a frame-by-frame copy of the famous advertisement for Levi's. As with the jeans commercial we see a hunky teenage lad in a launderette stripping to his underpants and throwing his clothes into a washing machine, watched by a couple of girls whose eyes grow larger and larger. Then the camera cuts to two more men, who we can see also have bare chests, sitting on the other side of the shop. One says to the other "Bet he drinks Carlsberg" (or it could be Watney's, the name escapes me again). To this the other replies "No. He doesn't wash his underpants" and at this moment the camera reveals that these two men are completely naked, covering themselves only with their hands.

There is a further irony. The Levi's commercial was itself a tribute to the bubble-gum rock movies of the sixties. It used the Marvin Gaye hit "I heard it through the grapevine" for its soundtrack and as a direct result the record went back into the charts, thus giving rise to an entire genre of pop-revival commercials — and highly entertaining they are in several cases.

Some people would ban television commercials believing that they make viewers dreadfully acquisitive and frustrated if they cannot have what they see. Indeed, commercials are quite often blamed for the violence of present day society, as though previous human societies were not violent, or as though television had somehow created the inequalities which are illustrated by the commercials rather than merely publicising them. It is yet another example of the messenger being blamed for the message.

When it comes to aiming commercials at young children my instincts are to sympathise with those who object, arguing that toy manufacturers are relying upon a form of blackmail within the family: "But Mum, Sharon's got one and Tracey's got two, it's not fair." Yet even here, if one can be honest and rational, the debate is—or should be—about politics and not really about television.

If you are willing to argue for a wholly egalitarian society with equality not only of opportunity but in all material things, then you may be in a good position to call for the banning of television commercials. If, on the other hand, you believe in competition, an enterprise economy, the right of people to better themselves and so on, you must presumably support the right to advertise within the limits of the law.

People wishing to occupy the middle ground, arguing that most commercials should be permitted but some should be banned—those aimed at children, those for political parties, those for fortune tellers, those creating undue envy—will inevitably find themselves dancing on the head of a pin and splitting hairs.

Sarcophagus/Pit

Martin Hoyle

Reading the text of Vladimir Gubaryev's Chernobyl play (Penguin, £3.50) before seeing the British *stage premiere*, one is moved less by theatrical sophistication—the author is Science Editor of Pravda—than by a sense of blazing commitment and painful immediacy.

The radiation victims here depicted range from the old peasant woman worried about her cow and chickens to the nuclear physicist racing against time (his impending death) to complete his scientific calculations, and *include a brave young* fireman shyly drawn to a pretty nurse, a passing crook, a blustering general (head of the region's fire service), the evasive director of the nuclear plant and sundry technicians. These figures are *just* saved from becoming clichés by the pervading atmosphere of urgent documentary. They may be symbols, indications of the broad range of victims, but they are not necessarily stereotypes.

Around them bustles the medical staff of the Institution of Radiation Safety, marvellously depicted in the no-nonsense writing as wearily dedicated professionals; as undermanned, exhausted, wryly *humorous and unquestioningly* devoted as health services even nearer home.

Little of which comes over in Jude Kelly's ponderously-paced and leaden-footed production. At times it shows a positive genius for taking the wrong turn or making the wrong decision. The translator, Michael Glenny, has praised the absence of violence in the play. This production introduces a punch-up between the general (de-militarized, incidentally, into the region's "Chief Fire Officer") and the physicist. Inspired by one of the intern's names, *Nadezhda*, the production rebaptises the three girl interns as Faith, Hope and Charity (cue for jokey symbolism).

The play has enough urgency in its references to the nepotism, creaking *bureaucracy*, administrative complacency and business fiddles of Russian life; but the director constantly tries to inject phoney theatricality by adding or redistributing lines, trivialising the characters and *generally* undercutting what carefully worked-out dramatic effects the straightforward writing contains. No wonder first-nighters were heard complaining that the resultant earnestly worthy piece had nothing new to tell them.

Against Michael Minas's two-level set of rows of cubicle doors, their flashing red lights presaging another death, the cast remains for the most part a stiltedly self-conscious group of undisguised actors. Amanda Harris's quiveringly well-elocuted Faith epitomises the thespian solemnity, run close by *Carol Gillies. As the ageing* professor with a wealth of memories and experience, Miss Gillies *presents a sinister*, thin-lipped battle-axe, hissing out pleasantries as aggressive sarcasm, with no sign of the dry Slav irony of the writing. Peter Guinness's shabby Investigator forfeits our respect as he *wanders round the stage as if* in search of somewhere to sit. In theatrical, if not factual, terms, this authority figure should be more imposing.

The visiting American surgeon, sympathetically portrayed *in the original, is here over*-bland and faintly sent up — though the Russians play their part in dee-tente by ree-ferring ree-peatedly to ree-search, a tendency I dee-plore.

An impression of real work in a real context from Geraldine Fitzgerald and Rosie Timpson, the latter especially good as a glumly northern - accented Charity. *Otherwise* the acting honours go to Nick (the former Nicholas) Woodeson as a long-term radiation patient and guinea-pig, part Russian holy fool, part licensed jester and part Chekhovian observer, who watches and comments as the others come and go. Shaven-pated, with cow-catcher teeth, this gnomic know-all recalls a pinhead from Tod Browning's *Freaks* reared on a diet of *The Lancet*. He almost redeems this production's unforgivable neglect of the English theatre's unique gift, from medieval morality plays onwards: the ability to treat of the unspeakable with a humanising and universal lightness *of touch*. *The Russian* writing cries out for it; in vain.

Alastair Muir

Carol Gillies and Nick Woodeson

Obituary/Antony Tudor

The choreographer Antony Tudor died in New York on Sunday. *One of the most influential dance-creators of our century*, Tudor was born in London in 1909. His first employment was as a clerk in Smithfield, but visits to the theatre to see Pavlova and the Diaghilev Ballet *inspired in him a desire to* become a choreographer and dancer. In 1928, at the suggestion of Cyril Beaumont, Tudor went to study dancing with Marie Rambert, and after two years Rambert was able to offer *the young man sufficient financial* help (£2 per week and free lodging) to enable him to give up his office job and devote himself entirely to ballet.

Thus began a career, like so many others, under the aegis of Marie *Rambert, who coaxed*, guided and goaded his talent. With *Cross Gartered* in 1931 Tudor made his first choreographic essay (and created his first role for Maude Lloyd, who was to be his Muse for the decade) and five years later produced his early masterpiece *Jardin aux lilas*. In this ballet, made for the 18 feet square stage of the Mercury Theatre in Notting Hill Gate, Tudor created choreography which looked beneath the formal social patterns of an engagement party to reveal the passions that seethed hopelessly among a quartet of characters. *After more than half a century* the ballet retails all its power to touch the heart, and still shows the profoundly innovative *way in which Tudor deals with feeling*. Through the most precise identification of emotion and personality in gesture and dance.

In the following year, 1937, came a second masterwork: *Dark Elegies*, in which Mahler's *Kindertotenlieder* provided a starting point for the exploration of the grief of a simple community whose children have been killed. Without specifics, the piece yet conveys with uncanny power the terrible desolation of the parents and a faint gleam of resigned understanding at the end of the ballet. In this same year Tudor parted ways with Rambert, an inevitable result of the tensions between two strong personalities, and with Agnes de Mille and Hugh Laing formed The Dance Theatre *for a short* season in Oxford.

In 1938 Tudor started The London Ballet which gave a season at Toynbee Hall during which Tudor's latest works — the bitterly funny *Judgment of Paris*, the charming *Soirée Musicale* — were joined by the brilliant balletic comedy *Gala Performance*, and his existing ballets in performance by his favoured artists, including Maude Lloyd, Hugh Laing, Peggy van Praagh. *Despite* the talent of the casts and the acclaim given to Tudor's choreographies, the troupe was hampered by financial difficulties, and the outbreak of war in 1939 interrupted its activities. *At this time Tudor and Andrée* Howard had been invited to join the newly formed Ballet Theatre in America, and in October 1939 Tudor, Howard and Laing left for New York.

On joining Ballet Theatre *Tudor first remounted his existing* pieces, which were enthusiastically received. It was not until he had searched long within the company for dancers sympathetic to his working methods ("He was looking for people, *not simply brilliant* technicians," observed one of his artists at this time) that in 1942 he created *Pillar of Fire*, in which Nora Kaye was revealed as a superlative dance actress in the role of the *frustrated and despairing* Hagar.

In 1943 Tudor staged his one-act *Romeo and Juliet* to Delius music, with superb design by Eugene Berman, and illuminated by the exquisite dancing of *Alicia Markova as Juliet*, Hugh Laing an ardent Romeo. It was followed by *Dim Lustre*, a chamber ballet about *memories* and an implied disillusion, and then, in 1945, Tudor made his most abrasive psychological study, *Undertow*, whose emotional forthrightness disturbed audiences as it exposed the emotional traumas of a young man who has committed murder.

Tudor's next creation did not appear until 1948, when his *Shadow of the Wind*, a setting of Mahler's *Das Lied von der Erde*, was briefly seen. Two years later he made his last work for Ballet Theatre, *Nimbus*, which also remained but fleetingly in the repertory. In 1951 Tudor joined the New York City Ballet, where he created *Lady of the Camelias* for Diana Adams and Hugh Laing, and in 1952 staged *La Gloire*, a portrait of a *monstre sacré actress, thrillingly* interpreted by Nora Kaye.

With this last work Tudor's association with New York City Ballet ended. There followed a decade, creatively thin, in which Tudor devoted his energies to working for the *Ballet* of the Metropolitan Opera House, New York, and the Juilliard School. Then in 1963 he again mounted a major ballet, *Echoing of Trumpets*, for the Royal Swedish Ballet. He returned *to Britain*, after 30 years away, to create *Shadowplay* for the Royal Ballet, matching this display piece for Anthony Dowell in the next year with *Knight Errant*, a witty adaptation of *Les Liaisons Dangereuses* which starred David Wall.

In 1974 Tudor returned to American Ballet Theatre as associate director, staging two lyrical works for the company: *The Leaves are fading* (1975) and *The Tiller in the Fields* (1978), both to Dvorak music.

Tudor's great gift to ballet was his ideal of dance as a means of understanding and exploring personality, psyche, the very soul of a character. There was in his ballets so deep a concern with the exposition of feeling that movement became the exact mirror of the human heart: *Herein lay the force of* Tudor's imagination, and the impact of his first casts as they identified totally with a role. He was notoriously a difficult man to work with in rehearsal. "The character was in the dance" observed one of his interpreters. His early Muse, Maude Lloyd, said of him in 1984: "He was the most obstinate man in the world, and I think he was a Zen Buddhist (which he became) long before he knew he was. And nobody understands what goes on inside a Zen Buddist's head. But from Tudor came an unerring sense of dance's rightness to tell of human suffering and human aspiration. His ballets changed our century's perceptions about the possibilities of dance itself.

Clement Crisp

John Bull/Theatre Royal, Bristol

B. A. Young

Why the younger George Colman's comedy *John Bull* hasn't been played *as often* since opening in 1803 as the classics of Sheridan and Goldsmith is a mystery. It combines the charms of their period with what seems a prophetic vision of the charms of Feydeau and, *especially, of Ben Travers*. I doubt if a funnier play is running anywhere at this moment.

The simple story is developed in a far from simple way. Mary (Julia Watson), daughter of the Cornish brazier Job Thornberry runs away from home after being seduced by Frank Rochdale, son of Sir Simon, a local landowner and magistrate. (Some people think that Thornberry is meant to represent John Bull, and Joseph O'Conor plays him like a Punch cartoon, *his feelings* always at the surface). Frank (Steven Mann) has been matched in marriage by his father to Lady Caroline Braymore (Vivien Heilbron), who will bring him £4,000 a year.

When Mary has only got as far as the local pub, The Red Cow, she encounters Peregrine (*Terrence* Hardiman), lately rescued from a wrecked Indiaman, with a loaded case under his arm and an infinite store of *good intentions in his heart*. Peregrine is reckoned another candidate for John Bull; but if you ask me it is more likely that Colman meant everyone, good and bad, to display different aspects of the national *character*. Certainly *trendy* young Tom Shuffleton (David Rintoul), the next arrival at The Red Cow, is some kind of contributor, with his contempt for everything except the current fashions in the West End.

Colman is generous in his invention of comic scenes to *follow his story to its not entirely foreseeable end*. *Shuffleton* marries Lady Caroline, whose interests are the same as his, thus leaving Frank free for Mary, once Peregrine has persuaded Thornberry and Sir Simon that it is possible for a *brazier's daughter to be married* to a baronet's son. The omnipotent Peregrine also rescues Thornberry from bankruptcy and ultimately reveals himself as Sir Simon's long-lost elder brother. Colman presents such situations with no more than the casual quality he gives to a good *conversational* exchange—such as, for instance, this: Shuffleton: "What's to become of me?" Lady Caroline: "I forgot to ask."

Roger Rees, the director, has contributed much wit of his own. He has been scrupulous about accents—honest standard English for the Rochdales, *Cornish* for the Thornberrys, smart Mayfair for Shuffleton, and for Lady Caroline a kind of contemporary Bloomsbury using a lot of 18th century vowels. The playing of the whole company is terrific. Even Sir Simon's servant (Laurence Thornbury spelt differently, no relation) with his hands in the pockets of his livery as he answers his master, is wholly three-dimensional. There is grand playing from Anthony Pedley *as the dodgy* Sir Simon, and Niall Buggy as the Irish landlord of The Red Cow. Kit Surrey's mobile designs are seldom representational but always summon up a scene at a glance in precisely the right mood.

Arts Guide

April 17–23

Music

LONDON

London Symphony Orchestra conducted by Peter Robinson with John Bingham, piano. Tchaikovsky. Royal Festival Hall (Mon). (928 3191).

London Philharmonic conducted by Rafael Frühbeck de Burgos with Olli Mustonen, piano. Reger, Rachmaninov and Respighi. Royal Festival Hall (Tue).

European Community Youth Orchestra conducted by James Judd with Yehudi Menuhin, violin. Verdi, Beethoven and Stravinsky. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra conducted by Sir Charles Mackerras with Heather Harper, soprano. Haydn, Geoffrey Burgon premiere and Stravinsky. Royal Festival Hall (Wed).

PARIS

Orchestre de Paris soloists: Zbinden, Henze. Dvořák (Tue 6.15pm). Salle Chopin-Pleyel (4563 0740).

Jazz Sivosac – Christian Vander trio – Jean-Louis Mechali Quartet (Wed). Radio France, Auditorium 106 (4524 1516). Free.

Orchestre National de France conducted by Michael Tilson-Thomas: Mahler 6 (Thur). Salle Pleyel (4561 0630).

VIENNA

Rudolf Buchbinder, piano. Beethoven. Konzerthaus Mozart Saal. (Wed).

Vienna Symphony Orchestra conducted by Georges Prêtre. Bruckner. Musikverein (Thur).

ITALY

Venice: Teatro la Fenice: Eliahu Inbal conducting the La Fenice Orchestra (with violinist Giuliano Carmignola). Schumann and Mendelssohn (Wed and Thur). (521 0161).

Rome, Oratorio del Gonfalone (Via del Gonfalone 32/A): Parrenin Quartet. Debussy, Ravel and Beethoven (Thur). (68 75 952).

NEW YORK

Carnegie Hall: I Musici. Handel, Bach, Mozart, Vivaldi (Mon); Philadelphia Orchestra. Herbert Blomstedt conducting, Lynn Harrell, cello. Piston, Dvořák, Nielsen (Tue); Murray Perahia piano recital. Mozart, Schumann, Berg, Beethoven (Wed); Gewandhaus Orchestra of Leipzig. Kurt Masur conducting, Peter Rosel piano. Barber, Zimmerman, Tchaikovsky (Thur). (247 7800).

Juilliard School (Alice Tully): Eduardus Halim piano recital. Clementi, Schumann, Brahms, Chopin, Schubert/Liszt, Stravinsky (Thur). Lincoln Center (874 7515).

Juilliard Concerts (IBM Gallery): Vento Quintet. Free woodwind concert. Pachelbel, Hindemith, Mozart (Wed, 12.30). 56th & Madison.

Merkin Hall (Goodman House): Aurora. Ann Monoyios soprano Telemann, Johan Henrik Berlin, Johan Helmich Roman, Couperin (Tue); Music Today. Eric Chasalow, Gerald Levinson (world premiere); Carter, Jonathan Harvey, Aaron Kernis (world premiere). (Wed). 67th w. of Broadway (362 8719).

New York Philharmonic (Avery Fisher Hall): Leonard Bernstein conducting, Barbara Hendricks soprano, Christa Ludwig mezzo-soprano, Westminster Choir directed by Joseph Flummerfelt. Mahler (Tue); Andrew Davis conducting, Emanuel Ax piano. Bax, Tippett, Beethoven (Thur). Lincoln Center (874 2424).

WASHINGTON

National Symphony (Concert Hall): Pinchas Zukerman conducting and violin. Schubert, Prokofiev, Beethoven (Tue); Maxim Shostakovich conducting. Tchaikovsky, Shostakovich (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestra Hall): Christopher Hogwood conducting. Bach, Villa-Lobos, Martinu, Schumann (Thur). (435 8111).

TOKYO

New Japan Symphony Orchestra, conducted by Ken-ichiro Kobayashi with Naoko Ihara, contra-alto. Mahler's 3rd symphony. Tokyo Bunka Kaikan (Mon). (985 4838; 237 9990).

Karin Adam, violin, accompanied by Doris Adam. Mozart, Beethoven, Schubert. Suntory Hall (Wed). (505 1001; 498 5890).

Duo Capriccio. Two piano recitals by Yuriko Nakano and Miwa Yuguchi. Bach, Poulenc. Brahms, Rachmaninov. Lino Hall, near Hibiya (Thur). (573 3588).

Fou Ts'ong (piano). Handel, Schubert, Chou Wen-Chung, Debussy, Chopin. Tokyo Bunka Kaikan Recital Hall (Thur). (461 2500).

Traditional Japanese Music: Nagauta, the shamisen and vocal music of Kabuki. Pieces performed by the Gocho Kai ensemble. (Mon). (216 3810; 461 8719).

Theatre

LONDON

Les Liaisons Dangereuses (Ambassadors): Christopher Hampton's masterly version of Laclos' epistolary novel is sexy, witty and wise, like a collaboration between Marivaux and de Sade. Howard Davies's sell-out pre-Revolutionary production for the RSC has moved from the Pit.

Misalliance (Barbican): Rarely seen Shaw, and a much underrated play, given the *full* RSC works by John Caird, a Polish new woman crashing into the surrey conservatory in her monoplane. Jane Lapotaire sparkles alongside Brian Cox, Elizabeth Spriggs and newcomer Richard McCabe (628 8795, CC 638 8891).

The Phantom of the Opera (Her Majesty's): Spectacular but emotionally nutritional new musical by Andrew Lloyd Webber emphasising the romance in Leroux's 1911 novel. Happens in a wonderful Paris Opera ambience designed by Maria Bjornson. Hal Prince's alert, affectionate production contains a superb central performance by Michael Crawford. A new, meritorious and palpable hit. (839 2244, CC 379 6131/240 7200).

Woman in Mind (Vaudeville): Alan Ayckbourn's new comedy has a brilliant performance by Julia McKenzie as a dissatisfied housewife visited on her own garden lawn by an imaginary ideal family. Bleak but funny, hailed in some quarters as vanguard feminist drama; be not put off by that. (836 9987/5645).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

42nd Street (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. (836 8108).

The House of Bernarda Alba (Globe): Lorca's last tragedy in a successful production transferred to the West End from Hammersmith. Nuria Espert, veteran Spanish actress/director, has drilled a high-calibre cast led by Glenda Jackson and Joan Plowright into a near-authentic portrayal of *steam frustration in an* all-female household oppressed by both traditional catholicism and the peasant class system. Ultimately it's all a bit British, but the company provides a roll-call of some of the best actresses around – all eclipsed by the *ineffably touching Julie Legrand*. (437 1592).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid *and overblown idea of theatricality*. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

I'm Not Rappaport (Booth): The Tony's best play of 1986 won on the strength of its word-of-mouth popularity for the two oldsters on Central Park benches who bicker uproariously about life past, present and future, with a funny plot to match. (239 6200).

Big River (O'Neill): Roger Miller's music rescues this sedentary version of Huck Finn's adventures down the Mississippi, which walked off with many 1985 Tony awards almost by default. (246 0220).

CHICAGO

Tempest (Goodman): Company artistic director Robert Falls directs Denis Arndt as Prospero in a new production with sets by Adrianne Lobel. Ends May 29.

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

WASHINGTON

Ourselves Alone (Arena): American premiere of Anne Devlin's drama of three women trying to balance personal and political conflicts in Northern Ireland stars John Leonard, Heather Ehlers, Randy Danson and Christina Moore, directed by Les Waters. Ends May 10. (488 3300).

Kennedy Center: Imagination Celebration 1987, a nearly month-long pageant of mime, music and dance centres round a production of A Child is Waiting, about disabled children, along with two presentations of the myths of North American Indians. Ends April 29. (254 3600).

Emmylou Harris/Millie Jackson

Antony Thorncroft

To Wembley for the Silk Cut *Country Music Festival*, the most phantasmagoric event in the pop world's calendar. While the performers project unreality from the stage audience looks all too real, a bizarre assembly who seem to be *hiding* any flickering personal identity behind a facade of the West.

The most homely of couples are badly disguised as Roy Rogers and Dale Evans; he with six shooters, she with tassled *waistcoat*. Their wants are amply supplied by Mex-Tex food stalls; cowboy clothes; a stand exclusively devoted to selling Jim Beam bourbon; and travel operators offering country music holidays in the Highlands of Scotland. It is another world, close to a nether world.

This year the artists played against a set of a southern hick town. They played, and they played, and by the end of the third day even Emmylou Harris found it hard to raise much enthusiasm for one more broken heart losing itself in alcohol while the train whistle blows. She was on very late and the *new image* of permed and blonded hair was initially distracting, but by pushing her Hot Band through the *faster* numbers of her repertoire she managed to stem the flow to the coaches.

Emmylou Harris has a sweet voice, but with a penetrating pitch, which brings a plaintive credibility to songs like "Even cowgirls get the blues." She *seems completely at home* within the confines of country music and while her band is heavily electronic it does not seem like a rock group manqué. She may have lost the naive vulnerability which made her music *so affecting but she is* well on her way to joining the Nashville Hall of Fame.

Earlier, David Allan Coe showed the rougher face of country music, or rather lack of it. He was hidden away behind a white beard, white stetson, white trailing coat, and with his legendary background, including a period on Death Row, managed to make the songs of drifters and three-time losers sound almost credible.

The *incredible* was on show at Hammersmith Odean on Saturday when Millie Jackson did *one of her sex therapy* sessions. Ms Jackson is a raunchier version of Bette Midler and, under the pretence of being a singer, managers to embarrass the more adjacent sections of the audience with probing questions about their personal intimacies for the delectation of those in the *safer seats*. "*Talking dirty*" is now her show, which is a pity. When she gets round to *singing* "*If loving you is wrong* I don't want to be right" you realise that she is a fine soul performer. But even then she is molesting the band. She makes the escapist fantasies of the country music crowd seem positively healthy.

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Wednesday April 22 1987

Alfonsin shows his authority

ARGENTINA'S example in reasserting democracy after the traumatic years of rule by military juntas has been an important catalyst in encouraging a general trend in Latin America towards civilian government. As the chief architect of this process, President Raul Alfonsin has acquired the moral leadership of the continent. Thus it was vital not only that the Easter rebellion in Argentina fail but also that President Alfonsin emerge with his moral authority intact.

Both have been achieved without bloodshed and the lion's share of the credit must go to Mr Alfonsin who behaved throughout with considerable courage and skill.

It is to be hoped that this achievement will not now be undermined by continuing unrest within the army in the wake of the rebellion.

The rebellion was sparked by middle ranking and junior officers disgruntled at the way they were being obliged to appear before the courts on charges of human rights abuses committed during the 1976-83 military juntas. The human rights trials have always been the most sensitive element in the Government's dealings with the military since President Alfonsin took office in 1983.

Orders disobeyed

But on this score no one could accuse President Alfonsin of being less than statesmanlike, ensuring that the main culprits were brought to book through due process of law without a broader witch-hunt of all those involved. Indeed, he has had to tread a tight-rope between popular demands for justice for the some 9,000 "disappeared" persons and alienating the military whose co-operation has been essential in setting about the reconstruction of Argentina.

The rebellion was in no sense an attempt at a coup d'etat, but rather followed an unfortunately long hispanic tradition of the *pronunciamiento* whereby a group of officers use the power of arms to "pronounce" what they want the politicians to do.

Probably President Alfonsin was obliged to make concessions to the rebels. But it was far more important that he was seen to impose his authority and obtain the rebels' surrender, so upholding the supremacy of civilian rule. Nor at this stage should too much significance be read into the apparent continuation of unrest within the armed forces. For it was far more important that the rebels were shown unwilling to risk an armed confrontation.

In this context, it is worth remembering that in 1981 in Spain when parliament was seized and one of the military regions rebelled, concessions were made to ensure a bloodless outcome by limiting the number of people eventually prosecuted, and there was little effort to root out officers of dubious loyalty. Yet this did not detract from the fact that constitutional order had triumphed, and Spanish democracy emerged strengthened.

Dangerous trend

The failure of the rebellion should now reinforce democracy in Argentina and provide the necessary sense of national unity that President Alfonsin needs to press ahead with his plans for a "social contract" to combat the country's serious economic difficulties.

Beyond this it should serve to discourage a potentially dangerous trend, not just in Argentina but detectable elsewhere in Latin America, of middle-ranking officers taking the law into their own hands. This was evident in the seizure of the Ecuadorian President earlier in the year and the latest rumblings in Peru. With the generals having accepted to take a back seat, these officers seem unwilling to play a new role in democratic society where their privileges are limited to military matters.

The hope is that the events of this weekend have proved these men have no right to air their grievances through resort to arms. And if they take note of the messages of international support for President Alfonsin, they will realise their behaviour *is unacceptable not just* at home, but in the international community at large.

Europe's drive for standards

IMAGINE THAT when travelling across Europe it was necessary to change make of car each time a frontier was reached.

This fantasy, apparently ridiculous, is precisely what has to happen for a gadget increasinly found in many businessmen's cars: a telephone. European countries have built their first generation cellular telephone systems on the basis of incompatible standards, so a British businessman finds his mobile phone useless in Frankfurt and vice versa.

The only exceptions to this *inability to cross frontiers* are in Scandinavia, Europe's cellular pioneers, and the Benelux countries, which each have compatible systems. But now telecommunications authorities throughout Europe are belatedly trying to put things right, at least for the next generation of cellular mobile equipment.

Timing important

They are discussing an ambitious project to construct a second generation cellular network, which would be built in each country to compatible standards and hence would be truly pan-European. The network would be digital, offering better quality and a more sophisticated range of data transmission services than the present analogue systems.

The intention is to agree on the standards sufficiently quickly so that the service can start in 1991. That timetable, though tight, is important for two reasons.

First, the present networks, which in some countries such as the UK have attracted customers at a rate beyond everyone's expectation, are likely to run into severe capacity constraints shortly after that.

Second, early completion of the network would give Europe a rare technological lead over the US and Japan, neither of which is actively considering a digital cellular network at present. European manufacturers should be able to capitalise on this lead both by winning orders for the European system itself and outside Europe once digital cellular spreads.

However, a snag has arisen. The standard-setting process has been derailed. Thirteen countries agreed in February that the network should be narrow band. But France and West Germany held out for wideband, reflecting the views of some leading French and German companies.

French and German officials have met since February in an attempt to sort out the differences, but without success. The signs are that technical opinion in both countries has swung behind the narrow band solution, but the French authorities in particular are sticking with the wideband option. The French appear swayed by the attachment of some of their leading companies to wide band and by the fact that they are considering the launch of another analogue system, thereby putting back the date when they will run into capacity constraints.

Whatever the reasons for the delay, it is crucial that the problems are resolved as soon as possible. At the initiative of the West German and UK governments, another round of meetings is to be held with the aim of reaching agreement by the end of May at the latest.

Failure to agree would not just endanger the entire concept of a pan-European cellular system, since the drift of thinking is that the participation of all the larger European countries is necessary to make it economically viable. Just as important, it would represent a substantial setback for those who believe that Europe's future in telecommunications and other information technology sectors lies in forging a truly European market by agreeing on common standards.

Market size

The history of European telecommunications has been marked by national champions, national regulators and national telecommunications authorities. Europe is now paying the penalty for the luxury of these national differences, since its manufacturers lack a unified home market of a size to rival that of the Americans and Japanese.

Compared to many high technology collaborative projects being researched at present, often with EEC money, the proposal for a pan-European digital network is relatively straightforward. If Europe cannot sort out its technical Tower of Babel even for this, it will send a powerful signal, within the continent, but also to the US and Japan, not to expect a great deal from all the talk about European collaboration on the next generation of information technology products.

British Telecom's global rivalry with Cable and Wireless is intensifying the battle for Hong Kong's cable television franchise. Control of the island's telecommunications is the ultimate prize, says **David Dodwell**

Sights set on a prize worth spoiling for

ONCE Cable and Wireless had crossed swords with British Telecom in the UK two years ago, through its telecommunications subsidiary Mercury, it was only a matter of time before BT returned to the offensive in the enemy's stronghold of Hong Kong.

For almost six months now, the two companies, both previously owned by the British Government, have been mounting increasingly fierce campaigns aimed at winning support for their competing bids for cable television systems in the colony.

Eight consortiums are bidding for a franchise that was to have been granted this spring. Of the eight groups, just two are being taken seriously: Cable Television Hong Kong (CTV) in which Hong Kong Telephone, Cable and Wireless's 79-per-cent-owned subsidiary, has a 20 per cent stake, and *Hutchison Cablevision (HCV)*, in which BT has joined Mr Li Kashing's Hutchison Whampoa, and Sir Run Run Shaw's Shaw Brothers film company.

Mr John Yorkwilliams, marketing director at Hong Kong Telephone, has no doubt why BT has entered the fray. "BT is really here to play a spoiling game against Cable and Wireless companies in telecommunications, not cable TV," he says.

Mr Rod Olsen, who for two years has headed Cable and Wireless in Hong Kong, is equally blunt: "They seem to be acting more like barrow boys than an international corporation."

What began as a contest for a cable television franchise has blown up into one of the most complex technical issues ever to confront the Hong Kong government and it is also highly sensitive politically.

At stake are Cable and Wireless's lucrative telecommuncations monopolies in the territory—worth about £450m in sales last year, and likely to be worth £1bn by 1991. The revenues are generated mainly by Hong Kong Telephone's franchise for the local network and its control of satellite traffic in and out of the territory.

A Government committed to free enterprise and open competition is being challenged to defend its support for "schemes of control." Such monopolistic franchise agreements have in the past allowed the Government to keep out of what in most countries are public sector projects and so to keep taxes down. The franchises include electricity supply, bus transport and major infrastructure projects as well as the telephone network.

Hong Kong Telephone's franchise does not expire until 1995 and if the Government were pushed to a point where it was seen to be reneging on an agreement drawn up 28 years ago, controversy would erupt over its commitment to other franchises.

Peking assumes sovereign control over the colony in 1997 and a private note from Hong Kong telephone to the colonial administration asked recently: "Has the Government considered fully the economic and political consequences of such a head-on corporate confrontation at a time when Hong Kong perhaps needs more, not less, stability?"

Officials have talked of the enmity that exists between the contending groups as they emerged from negotiating sessions. Mr Piers Jacobs, the territory's Financial Secretary, commented: "We have two companies who are bitter rivals vying for control of future telecommunications here. It has become steadily more apparent that the real prize is not cable TV, but the telecommunications network, and the services that can be carried on it."

A government committed to free enterprise is being challenged to defend its support for monopolistic schemes

Officials feel that Cable and Wireless is sitting on a goldmine and is loath to share its spoils.

Mr John King, managing director of BT's overseas division, scoffs at any suggestion that BT is "out to get" Cable and Wireless. He argues that Mercury, into which Cable and Wireless has poured £200m in the UK, is a "good vigorous competitor" and has been "extremely beneficial" in encouraging BT to develop.

"I'm politely putting up the challenge that if Hong Kong wants to keep the lead in the region, then perhaps competition has to be introduced. It doesn't have to be sudden. It can happen progressively."

Statesmanlike posture does not square easily with the fact that BT has recently sought contracts in Belize, the Solomon Islands and Qatar—territories that have only one thing in common—they are long-standing clients of Cable and Wireless.

Both Cable and Wireless and BT have talked in melodramatic terms of the crossroads the Hong Kong Government has stumbled on.

BT's Mr King claimed recently: "The future prosperity and viability of Hong Kong as a trading and commercial centre is at stake. The issue is whether Hong Kong can afford to continue supporting this enlightened monopoly."

Cable and Wireless has also not been short on hyperbole. "Hong Kong is too small a territory to have two networks, and if a second is licensed, disintegration of a vital infrastructural resource will result. It would be like a human body having two nervous systems, but without a single control point for coherent action," Mr Yorkwilliams says.

Pilot studies suggest a market of about 70,000 subscribers for cable television within three years. While all parties insist that start-up costs will be enormous, the density of Hong Kong's population, its increasing affluence, and the fact that Hong Kong people watch more television than almost anyone else in the world, makes it potentially very lucrative.

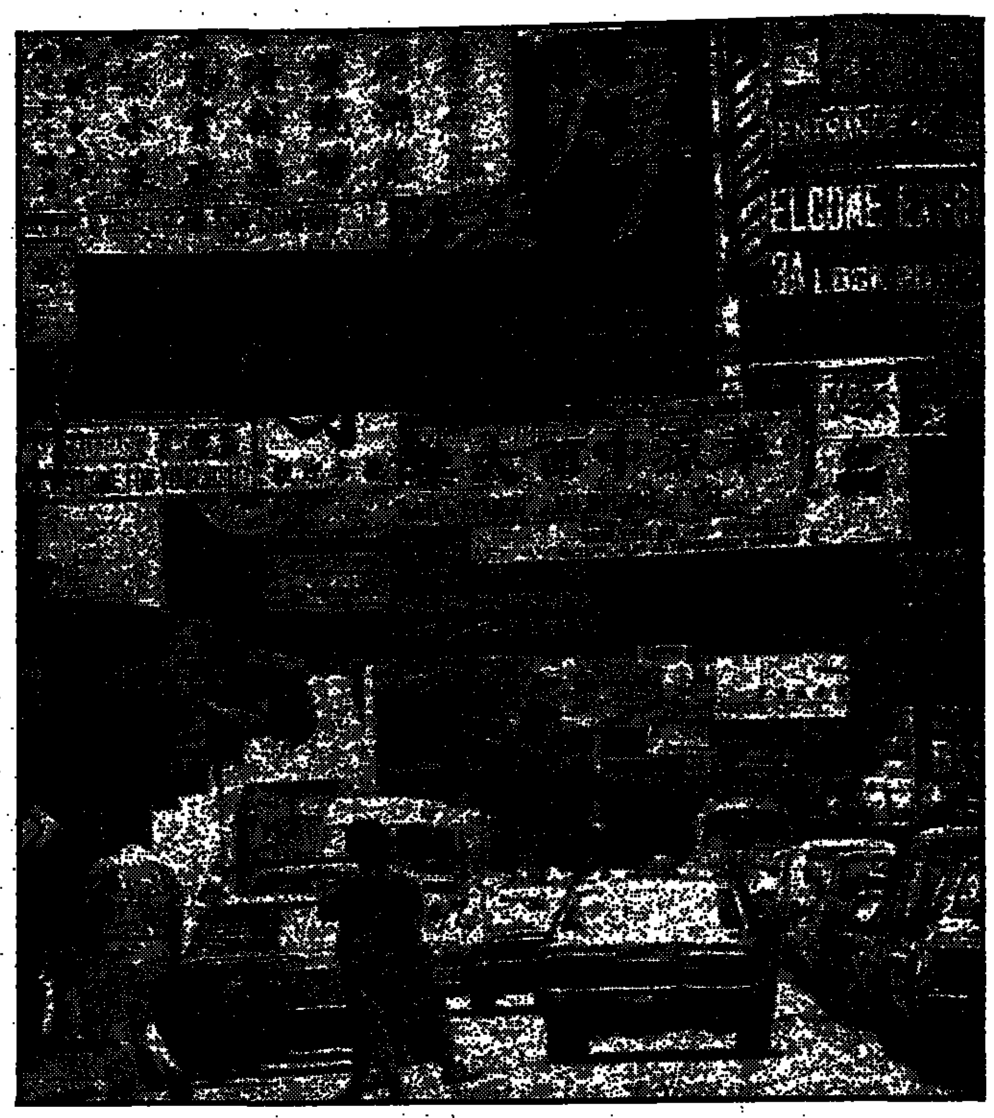
The contestants have insisted nevertheless that Hong Kong—population 5.5m, with television sets in 1.8m homes—is not a market that can profitably sustain two competing cable TV operators.

CTV says it would use Hong Kong Telephone's existing network to carry the broadband cables into subscribers' homes. HCV says Hong Kong telephone's underground network is not large enough and insists that, if it wins the franchise, it must be able to build its own independent network.

Cable and Wireless fears that if BT prevails it will be allowed to build a broadband network throughout Hong Kong that might at first be restricted to cable television signals, but could later carry a wide range of telecommunications services.

Mr Raphael Hui, the administration's deputy Economic Secretary, confirms that, once broadband services take off, "massive integration will be possible and desirable."

Cable and Wireless knows that BT's partner, Hutchison, has already made significant headway in the telecommunications area, providing mobile telephones, radio paging and a variety of data network services.



Hong Kong: at the heart of Cable and Wireless's "world digital highway"

If Hong Kong Telephone fails to win the cable television franchise, it may be forced to retain obsolete technology just to protect its monopoly of voice telephony.

Ironically, it is to BT's chairman, Sir George Jefferson, that Cable and Wireless turns to substantiate these fears. Last year's Peacock Report on television in the UK recalls Sir George arguing: "If BT were only permitted to transmit telephone messages and data it might be necessary only to patch up existing local circuits since, within the current regulatory regime, it would not be economical to replace them.

"If BT were allowed to carry additional services (particularly cable television) then the whole situation would change and it would be viable to use fibre optic technology. Such a change could do much more to reduce the cost of local telephony services to its customers than any other option available, including competition of local networks."

If this were true in Hong Kong also, the overthrow of Hong Kong Telephone's monopoly would mean that the investment needed to develop its services beyond 1995 would not be made. Hutchison and BT would have the technology, but no right to use it for telephony, while Hong Kong Telephone would have the right, but not the technology.

This could put Hutchison and BT in a strong position to take over Hong Kong Telephone's franchise at the renewal date in 1995. The Government, in breaking up an existing monopoly, could thus find itself faced with a new one.

BT has been swift to exploit the Government's embarrassment about monopoly franchises. Mr King recalls that the "dead hand of government" (in the UK) hobbled BT until the decision to float the company, and has called on the administration to "abandon its monopolistic policies."

On the other hand, Hong Kong Telephone officials fume at the idea of BT telling them they need competition to shake the dust off their feet. Mr Olsen challenges parallels with the UK: "What we have is a franchise that has comprehensive obligations attached to it. We have to provide a universal service on demand at a price that the average man can afford. We don't control prices, and profits are controlled."

Fortunately for Hong Kong Telephone, the Government, and Hong Kong's public, accepts his case. Surveys show that most Hong Kong people regard themselves as having a good telephone network. Above a flat-rate rental, all local calls are free. New telephones are installed within five days on average. Calls cost about a third of what they would do in the UK, the US or Japan. Almost half the 67 local exchanges are digital.

Hong Kong is at the heart of Cable and Wireless's "world digital highway"—a £1bn project intended to provide an optical fibre cable system to circumnavigate the globe—and at the hub of an increasing range of telecommunications services in mainland China.

The Asia-Pacific region accounted for 50 per cent of earnings last year, and 82 per cent of the group's pre-tax profit. The lion's share of that came from Hong Kong, from both the basic telephone and the ancillary services. From its strong base in Asia the group has managed an annual 41 per cent earnings growth since gaining independence from the British Government in 1981.

Cable and Wireless last year listed its shares both in Hong Kong and Tokyo. Hong Kong Telephone spent HK$1bn (£78.9m) last year on its local system, and plans similar spending for the rest of the decade.

After international fact-finding tours, and a visit from Oftel, Britain's regulatory authority, Hong Kong officials now think it will be another year before decisions are made on the cable television franchise and the network monopoly. Consultants are about to be appointed to advise on the technical issues and will not report until autumn.

"The report has to be definitive," says Financial Secretary Mr Jacobs. "It must give us a bit of leverage over BT and Cable and Wireless." He is going to need all of the leverage he can get, if the ferocity of the contest so far is anything to go by.

Men and Matters

Know your bleeps

Robert Ure, managing director of the British national paging service to be launched next week by Mercury Communications, enjoys being a gamekeeper turned poacher.

Ure spent most of his career with the Department of Trade and Industry, which is responsible for regulating telecommunications. Last year he moved to the greener pastures of Mercury, which has been leading the assault on British Telecom's stranglehold over UK telecommunications.

Ure makes no secret of his views of BT, which has about 85 per cent of UK paging. "Paging is the simplest form of communications, yet the way BT provides it makes it appear the most complex," he says in uncompromising fashion.

Paging's dull image—a machine which goes bleep at all the wrong moments—will receive a facelift over the next year thanks to the new competition, Ure believes.

He foresees a new range of paging services for particular types of user: a pager which bleeps if specified shares move sharply; a pager which goes off if a piece of equipment, such as a cooling system, fails; and a pager with two-tone bleeps.

The two-tone bleper, which will be one of Ure's first offerings, will allow the user to know instantly if he is being bleeped by his wife or, say, his mistress.

Just be careful not to mix them up, the instructions are likely to emphasise.

"They've all gone home—it must be after four o'clock"

Fall out

For those who remain baffled about what moves the international currency markets, here is the inside story behind last Wednesday's dip in the dollar.

It began at the Madison Hotel, Washington DC, where James Baker, the US Treasury Secretary, was speaking in private to 125 consultants and business executives. This "off-the-record" forum for businessmen (paying $350 a head) had been organised by two business-minded journalists—syndicated columnists and tv pundits, Rowland Evans and Robert Novak. Not wishing to drop the exclusive tag, Evans and Novak had elected to bar their journalistic brethren from the proceedings.

Now there is nothing more frustrating for reporters than finding themselves shut out of a meeting where there is a scoop in the offing. Financial markets had been hanging on Baker's every word—and Wednesday, the day after some pretty poor US trade figures, was no exception.

Those businessmen, therefore, who thought they had booked into the Madison for some privacy got a shock as waiting journalists buttonholed them, demanding to know what Baker had said.

The erroneous story developed that Baker wanted to see a lower dollar and so the US currency started sliding on Wall Street.

Manx tale

Manxmen have pulled a fast one on British Nuclear Fuels, whose Sellafield factory on the Cumbrian coast is their near neighbour.

The Isle of Man Steam Packet Company, noting BNFL efforts to be neighbourly by having its apprentices refurbish Cumbrian church gates and playground equipment, suggested the company might care to tackle an ageing steam locomotive.

BNFL agreed, but the engine arrived in the form of "several boxes of rusty old junk," says Ken Jackson, project director for Sellafield's biggest single investment, the new £1.65bn reprocessing plant. "The boiler could never have been made safe."

Jackson knew the Manxmen, who are constant critics of the factory, had tricked him. But, he says, he would rather see apprentices doing something useful than making scrap. So he took up the challenge, even though it meant designing a narrow gauge loco almost from scratch.

He reckons about 100 BNFL apprentices have spent time on the little tank loco over the past two years. The job has required more different trades and crafts than anything the apprentice school has tackled before.

Eagle Star, which certifies much Sellafield plant, has just provided a safety certificate for the loco's new boiler, and the school hopes to hand the engine over, as a new tourist attraction this summer.

Rover's bark

Austin Rover's latest car, the Rover 800, has just been launched with a fanfare in some of the major markets of Europe.

More precisely, with a whole string of fanfares from the London Chamber Players.

One of the most peripatetic of all small orchestras, the LCP under conductor Adrian Sunshine, has been the beneficiary of the state-owned car producer's first venture into sponsorship of the arts in the form of a month-long European tour to coincide with the car's debut.

The series of launch-time concerts has clearly been rewarding to both car and orchestra.

At more than a dozen locations in France, Spain and Luxembourg, the orchestra has been pleasing the ear while, nearby, lovingly polished 800s have been silently pleasing the eye.

They need to. Export sales are becoming an increasingly important factor for Austin Rover in its long battle to return to profitability. The Rover 800 is expected to give a further noticeable filip to the group's business in France and Spain, in particular.

More law

Magazines for lawyers are rapidly becoming a large subsection of the publishing industry. First there was Lawyer, which has produced two issues so far. On May 1, Law Magazine, edited by Marcel Berlins, the former legal correspondent of The Times, will appear.

But that's not all. The triumvirate behind Lawyer has split already and, as a result, yet another title, Law Week, is to be launched in June.

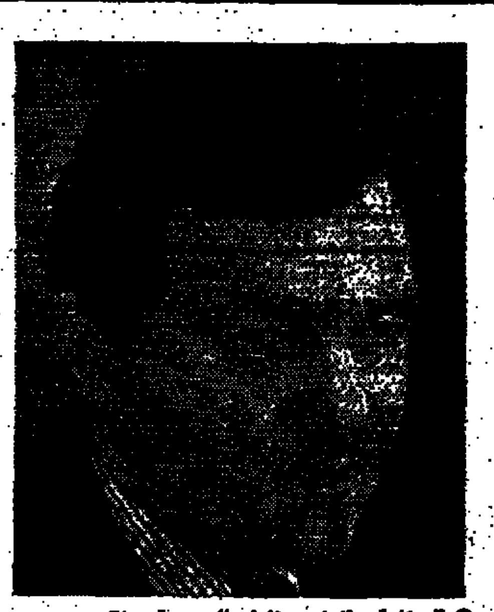
David Short and Phil Lawlor, who worked on Lawyer, decided to leave because of differences in managerial approach.

The jury is still out on whether lawyers have time to read their briefs and three new law magazines.

Observer

Non-executive directors

A matter for scout's honour



Strachan: "spirit, not the letter"

Goodison: gradualist approach

By Michael Skapinker

IF, IN a chastened City of London, there are still chief executives with dark deeds to hide, the Code of Recommended Practice on Non-Executive Directors, published yesterday, is unlikely to have them shaking in their boots.

The code — which has the backing of the Bank of England, the Stock Exchange and the Confederation of British Industry—has been under discussion for over a year. But its sponsors, which also include the Institutional Shareholders' Committee and the Investors in Industry Group, say that the Guinness scandal and the need to restore public confidence in the City have given it added urgency. By advocating the appointment of more independent directors to company boards, they hope to prevent chief executives from abusing their powers.

"An effective board does not allow a situation to arise where one person, whoever they may be, holds too much power," says Sir Adrian Cadbury, chairman of Pro Ned (Promotion of Non-Executive Directors) which formulated the code. Pro Ned was established by the Stock Exchange, the Bank of England and other institutions in 1982.

The code, however, is entirely voluntary. None of its provisions are to be prerequisites for a listing on the Stock Exchange. And, in public at any rate, its sponsors have come out against legislation to require companies to have a minimum number of independent directors.

"The code is unlikely to make a difference in those few cases where the chief excutive is determined to have no independent voice on the board," concedes Douglas Strachan, Pro Ned's director. Pro Ned is relying instead on moral persuasion to encourage companies to abide by the code. Sir Nicholas Goodison, the Stock Exchange chairman, has written to all listed and USM companies "warmly recommending" that they follow its provisions.

These include a recommendation that larger quoted companies have at least three independent non-executive directors, making up about one-third of their boards. Smaller companies, or large companies with small boards, may have fewer outside directors.

The code recommends that companies establish audit committees, composed mainly or wholly of non-executive directors, to monitor the company's systems of financial control. It also recommends the establishment of an appointment and remuneration committee, with a majority of non-executive directors, to assist the board on such issues as the appointment, dismissal and remuneration of top management, including the chief executive.

The sponsors of the code say they do not know how many listed companies already comply with the code's provisions.

The code had to be amended frequently during its drafting to satisfy all those involved. Some argued that the document should recommend that the posts of chairman and chief executive be held by different people.

Ernest Saunders' decision to combine the posts of chief executive and chairman of Guinness and hold them himself was criticised both before and after the scandal broke. After much debate among the code's sponsors, however, it was decided that to recommend separation of the posts would upset the large number of chief executives who are also chairmen of their companies. The code implicitly accepts that the two positions will sometimes be combined.

Mr Strachan adds that although the organisation's sponsors all support the code's voluntary approach, "this does not mean that there are not strong views, held privately, in support of legislation."

Other bodies have also urged the government to legislate on the issue. In a letter to Trade and Industry Secretary Paul Channon last February, Sir John Hoskyns, director general of the Institute of Directors, wrote that in the wake of the Guinness affair "the need for a presence independent of management has been so clearly demonstrated that legislation to ensure it may now be necessary. It certainly should be most carefully considered."

Like Pro Ned's sponsors, however, the IoD has decided to drop its call for legislation for the time being and has given the code its backing. "The voluntary approach typified by the Pro Ned code is the right first response," Sir John now says. "It would be extremely difficult to draft legislation which could apply sensibly to all companies. Law has to be clear cut, but the issues concerned here are not. If legislation proves necessary at some future time, the experience gained from voluntary approaches should help that legislation to work in practice by showing what can reasonably be defined and what can not."

Sir John Harvey-Jones, who recently stepped down as chairman of ICI, broadly supports this view. He says that legislation might result in companies complying with the letter of the law by appointing the required number of non-executive directors, but without ensuring that they are genuinely independent.

Mr Strachan adds that "it will be no good companies being forced to comply with requirements by merely appointing good boys who are going to sit there and say nothing. The thing about a code of practice is that it puts everyone on scout's honour to obey, the spirit rather than the letter."

> "If there's a belief that a great deal of change has to take place, one has to ask whether it will occur on the basis of recommendations alone"
> —Richard Giordano, chairman BOC Group

But to Conservative backbencher Sir Brandon Rhys Williams, a veteran campaigner for legislation on the issue, the code represents an opportunity missed. "I think it's a bit feeble."

And if immediate legislation is not appropriate, should not the stock exchange make compliance with the code a condition of listing?

Richard Giordano, the American-born chairman of the BOC Group, is one of those who leans towards this approach. "The British don't like legislation," he says. For that reason, the code's recommendations could instead have been incorporated into the Stock Exchange rules. The code, Mr Giordano says, is weakened by "just being recommendations. If there's a belief that a great deal of change has to take place, one has to ask whether that change will occur on the basis of recommendations."

Sir Nicholas Goodison rejects this argument. His letter to companies says that a future amendment to stock exchange regulations will make it mandatory for members to identify non-executive directors in their annual reports, together with a short biographical note on each one. He first wrote to companies suggesting they do this in 1983 and he says the response has mostly been positive. He prefers to adopt this gradualist approach on the question of a minimum number of non-executive directors rather than make it a condition of Stock Exchange membership.

He says that the Stock Exchange has in the past considered following the practice of its New York counterpart, which makes the appointment of an audit committee a listing requirement. One of the difficulties, Sir Nicholas says, would be to find a formula which could be applied to companies of vastly different size. "We have not wanted to use that particular sort of sledgehammer."

Pro Ned's chairman, Sir Adrian Cadbury, concedes that the code is "no magic wand." What the code aims to achieve, he says, is "a change in the climate of opinion." Shareholders, particularly institutional investors, will be alerted to the need for more effective control over company executives.

Certainly, in the absence of any other enforcing agency, the institutional investors will have a crucial role to play. As Mr Walker said yesterday, companies which fail to comply with the code will have only themselves to blame if institutional investors' attention is increasingly trained on them.

UK energy policy

Time to go for the cheapest solution

By John Redwood

AFTER THE miners' strike the UK had its first real chance for 20 years to create a competitive, prosperous and expanding coal industry. It is true that as a result of some mine closures and further redundancies, the industry has been brought closer to profit. The Central Electricity Generating Board has received a discount on the very high price it was paying for coal. But we are still a long way from a thriving, expanding, competitive coal industry.

British energy policy has long been dominated by fear of the National Union of Mineworkers. That fear lay behind the repeated refusal to license more opencast coal which could be mined at less than half the cost of deep-mined coal. It lay behind political enthusiasm for nuclear power — an enthusiasm which has never captured the hearts and minds of the British public. Even today it still lurks behind the views of those who believe that if coal can be privatised at all it has to be privatised whole.

The debate has been polarised. In the blue corner are those who favour a free-for-all regime with imported coal driving British Coal out of some of its remaining markets. In the red corner are those who wish to see an entirely protected British Coal continue to overcharge the CEGB and through it the electricity customer.

It has been calculated recently by Alex Henney in a thought-provoking pamphlet (Privatise Power: Centre for Policy Studies £4.60), that we are still paying between 30 per cent and 40 per cent too much for our coal and this accounts for half the price of electricity. It is the modern Danegeld.

It need not always be so. There is a great deal of coal in Britain—some of it being mined badly and much of it not being mined at all—that could be brought to the surface and sold, at a profit, at much lower prices than those currently on offer. We could expand our opencast industry from 15m to 25m tons a year and sell the coal at a profit even at prices around £10 a ton. We could sink new mines in the prospective mining areas.

While preserving high standards of environmental control and safety, private companies could mine coal at well below £30 a ton and still make a profit.

We could expand the more successful coal-mining areas like Nottinghamshire, Leicestershire and Derbyshire and allow them to sell coal at an average price well below the current £40 a ton and probably succeed in mining more coal than they do at present at a profit.

We could allow private companies to re-enter some closed pits with different machinery and techniques and they too could make money.

A competitive coal industry could succeed in creating many more new jobs in mining machinery and in the new mines from the extra output that the lower prices would permit. It would also enable the Government to contemplate a privatisation for the electricity industry that would help the customer.

> The faint-hearted will object that the unions will never accept a competitive industry

Mr Henney has proposed a radical restructuring of the electricity industry which would encompass dividing the generating plant into 10 competing companies while leaving the ageing and more hazardous nuclear reactors "safely" in public hands.

In this lies the germ of a competitive solution to electricity privatisation. You might not need as many as 10 companies—you could do the job with four or five.

You could begin with two or three, selling them to the private sector, whether to existing companies or by share offers to the public. Once there are competing generators vying for position to supply power to the grid the performance of generation will improve. At the same time the unreasonable purchasing power of the CEGB over the newly competitive coal mining industry would be broken.

Competitive mines and competitive generators would balance each other and burn more cheaper coal to yield more cheaper electricity.

Whether the Government should wish to privatise the transmission and distribution end of the industry is a more open question. The public rightly expects service quality to improve dramatically and the prices to become much more competitive when an industry passes from nationalised monopoly to privatised concern. This will be more difficult to achieve in monopoly distribution.

The faint-hearted will object that the unions will never accept a competitive solution to our major power industries. This is a new variant of an old belief: that the unions in practice govern the country and that we should do nothing to upset them.

The evidence after the miners' strike is that there would be many miners who would see the merit in going for a high volume, high productivity industry where wages would probably rise. There would be more job opportunities as a result of a major private investment programme in new technology and in new output.

They would also benefit from a multiplicity of buyers in the power industry who would be forced to the conclusion that coal was the cheapest solution to our power requirements, as it is if we are allowed to buy coal at anything like world market prices.

The next parliament should see a further major privatisation programme. Its centrepiece should be the successful privatisation of the remaining energy industries, coal and electricity. A middle course, between wanting to force British industry to contract in the face of unrestricted imports of cheap coal and wishing to leave it as it is, would be to go for a fully competitive domestic industry, still protected from overseas competition. This would then provide a background for a major privatisation of electricity. If time and cash does not permit the complete solution, after tackling coal as well, the distribution system could be left in public hands.

It is difficult to believe there is a natural majority for endless subsidies, job losses and protected decline which has been the experience of so many nationalised monopolies since the Second World War.

The author is a former head of the Prime Minister's policy unit 1984-85.

Letters to the Editor

Commercial viability and the Channel Tunnel

From Mr D. Shaw and Mr J. Brazier

Sir,—The rapid turnover in senior management responsible for the Channel Tunnel has been extensively covered in your columns recently. Yet the real problem is that it is a single project promoted by a company, Eurotunnel, with no alternative source of business. Thus the management is disbarred from taking an independent view on whether or not the project will pay. So it is the City alone which now bears the responsibility of assessing the commercial viability of the project.

We believe that there are several fundamental weaknesses in the scheme. The revenue and cost projections in Eurotunnel's prospectus are based on very small margins of error, around plus or minus 10 per cent. The extraordinary difficulty of forecasting costs in ventures requiring multi-billion pound project management across many years and international boundaries is well-illustrated by an array of cost overruns from the Anglo-French Concorde (584 per cent overrun) to the Trans-Alaska pipeline (596 per cent); in the case of the Chunnel a mere 20 per cent cost over-run would leave the equity holder with nothing, even supposing that the revenue projects are accurate.

Yet these in turn are based on an assumed shift from air travel back to rail, at a time when the Government's strong commitment to reduce European air fares seems likely to achieve the opposite. Surely Eurotunnel cannot believe that either the airlines or the ferry companies will take the new competition lying down.

Eurotunnel has stated that there will be further improvements in the "desktop" projections. They must however be viewed in the light of the obvious conflict of interest inherent in Eurotunnel, where employees are paid for no other purpose but to promote and build the tunnel and where board and senior management contain representatives of construction companies.

In short, the prospects of the Chunnel making a return to the investor are slim, yet Eurotunnel cannot be expected to admit this; only the City can call a halt.

We should conclude by declaring our other interest, which is the preservation and enhancement of the environment, the ferry industry and tourism in East Kent. The proposed Channel Tunnel would do serious damage to all of those as well.

David Shaw,
Conservative Prospective Parliamentary Candidate for Dover
Julian Brazier,
Conservative Prospective Parliamentary Candidate for Canterbury.
Canterbury Constituency Conservative Association,
9, Hawks Lane,
Canterbury,
Kent.

Allocation of shares

From Mr A. Sirkett

Sir,—I refer to Richard Tomkins article "Airborne flotation" (April 11).

I wish to extend my heartfelt sympathies to John Ewen, Chairman, Rolls-Royce Retired Managers Association, Coventry, when he states that the only benefit for pensioners in the forthcoming privatisation sale of Rolls-Royce will be priority in allocation of shares.

Having recently retired from British Airways after 30 years' service, I also was only offered this same benefit along with the rest of my pensioner colleagues

Surely employees who through long service have been instrumental in building a successful company deserve better

A. S. Sirkett
3, Roebuck Close,
Feltham brook Way,
Hanworth, Middlesex.

World Bank's rural schemes

From Mr A. Rosen

Sir,—The authors of the admirable articles on the World Bank missed one important facet of its operations. No-one knows exactly what is the failure rate of the World Bank financed agriculture rural development schemes in the developing world.

As far as I am aware, there has never been an examination carried out on any of the failures. Surely such a relatively small investment must be worthwhile if the success rate is to be improved.

Anthony Rosen,
Second Opinion Associates.
Foxhill,
Elstead, Surrey.

Personal pensions

From Mr R. Haines

Sir,—Your editorial "Skirmishes on pensions" (April 9) contains a statement which is bound to mislead many of your readers.

You state that the introduction of personal pensions "has undeniably improved the options for new contributors (to pension schemes)." If you mean "increased the number of options" you are right. If you mean that it will improve people's pensions, then it is not undeniable. I deny it.

Amid all the obfuscation which surrounds the subject of pensions, one fact should be unambiguously stated. The great majority of pension scheme members can look forward to a smaller pension if they opt out of their company scheme and choose a personal pension—even if they change jobs. This is undeniable, and all the media hype on personal pensions will not alter the fact.

Robert Haines,
Managing Director.
Antony Gibbs Pension Services,
Bishops Court,
27-33 Artillery Lane, E1.

Tory share of the vote

From Mr P. Mercer

Sir,—In assessing the political impact of Mrs Thatcher's eight years in office (April 9), Malcolm Rutherford states that she might not be Prime Minister today if there were a single opposition. He then cites the fact that the Tories won 44.9 per cent of the vote in 1979 and 43.5 per cent in 1983.

The SDP, despite its roots lying in the Labour Party, has always masqueraded as a "centre" party. Its influence has been not only in splitting the anti-Tory vote, but in attracting a number of Conservative supporters, including one MP.

The correct conclusion from the figures is therefore that without a divided opposition the Conservatives would have won a greater share of the popular vote at the 1983 General Election.

Paul Mercer.
Cedar Lawns,
Church Street,
Burbage, Hinckley,
Leicestershire.

Stemming the brain drain

From Mr D. Sussman

Sir,—Further to the remarks quoted by you of the former chairman of ICI, Sir John Harvey-Jones (April 13) concerning the present brain drain of scientists, it would be interesting to know how the expenditure of our largest industrial manufacturing concern on research and development compares with its rivals in Japan, Germany and the US.

I have no doubt whatsoever that the spending of ICI as a percentage of its overall sales is far lower than its rivals and, frankly, the responsibility for the brain drain lies more with the blinkered view of the heads of our large industrial concerns, who expect the Government and the taxpayer to fund research and development for scientists,

D. L. Sussman,
Albany House,
12 Albany Road, E10.

Modernising the Underground

From the Marketing and Development Director of London Underground

Sir,—Like Colin Amery (Tube design has hit the buffers, April 13) we welcome the report "End of the line? The future of London Underground's past" by the Victorian Society and the Thirties Society. After all, we asked them for their comments.

Londoners do like what is happening to the Underground—all research findings indicate this—but we admit that while most of our efforts have been successful, we are still not too proud to learn, or to enlist the help of the conservationists and others.

We are, however, very conscious of our heritage and, bearing in mind we have 250-plus stations to look after, it is our intention to preserve the best of the past while, at the same time, introducing the best ideas of today—and perhaps even a little frivolity to add interest to passengers' journeys. Compare, for instance, the treatment of Tottenham Court Road with the much-praised restoration approach at Baker Street and Paddington.

We are devising a new station design policy with the aim of achieving the highest possible standards through stronger in-house design management at director level within a co-ordinated design policy, which will take full account of the need for conservation where appropriate. We aim to maintain as much of our attractive past as is practical

Henry Fitzhugh.
London Underground,
55, Broadway,
SW1.

FINANCIAL TIMES
Wednesday April 22 1987

SEMICONDUCTOR DUTY UNLIKELY TO BE REMOVED BEFORE NAKASONE'S US VISIT

Japan urges US to lift sanctions

BY STEWART FLEMING, US EDITOR IN WASHINGTON

MR SHINTARO ABE, the special envoy sent to Washington by Mr *Yasuhiro Nakasone*, the Japanese Prime Minister, to try to ease trade and economic friction between the two allies yesterday urged President Ronald Reagan to lift the trade sanctions the US imposed on Japan last week as quickly as possible.

But even as Mr Abe was meeting President Reagan in the White House, Mr Marlin Fitzwater, the White House press spokesman, was telling reporters that it was "unlikely" that the Reagan Administration would be able to lift the sanctions before Mr Nakasone arrived in Washington at the end of the month.

However, he added that the US was looking at "mitigating action which could be taken". He declined to be specific.

On Friday, Mr Reagan imposed 100 per cent duties on $390m of Japanese exports to the US, in retaliation for Japan's alleged failure to stand by a bilateral trade agreement on the dumping of semiconductors.

The US action is seen as a symbol of mounting frustration in Washington at Japan's perceived reluctance to take broad economic measures to sustain world economic growth and to open its markets to more imports.

In Tokyo yesterday, Mr Richard Lyng, the US Agriculture Secretary, underscored the point, describing the mood in the US on US-Japanese trade issues as "explosive". He said Washington was "perhaps on the verge of very *harsh retaliatory laws* which could have a serious effect on other countries, especially Japan."

Mr Lyng's comments appeared to be a reference to the debate on Capitol Hill over the final shape of the trade legislation on which Congress is working. That debate is now reaching a turning point.

Yesterday, the Democratic leadership of the House of Representatives was to decide whether to include in the House trade legislation a provision sponsored by Representative Richard Gephardt a presidential hopeful. This would require the president to retaliate against countries with large trade surpluses, such as Japan which failed to take steps to remove unfair trade practices.

The White House is in a dilemma on the trade issue; Mr Reagan *wants to take a tough stance to impress* upon Congress (as well as on Japan) the seriousness with which it is tackling America's trade problems, which are responding only slowly to the dollar devaluation strategy launched in October 1985.

However, the financial markets have reacted with acute anxiety to the friction between the US and Japan, in part because of US dependence on capital imports from its Asian ally. That nervousness has manifested itself most clearly in a sharp rise in long-term interest rates since the proposed trade sanctions were first announced.

Emerging from the White House yesterday, Mr Abe said, he had told President Reagan that Japan wanted a broad relationship with Washington, not one dominated by trade *issues. He said Japan* believed the trade issues should not be addressed in a confrontational way.

Creditors drawn into battle for Dome

By Bernard Simon in Toronto

DOME Petroleum's 56 international creditors are being drawn into an increasingly intense takeover battle for the debt-laden Calgary energy producer.

Some of Dome's lenders have been approached in recent days by TransCanada Pipelines (TCPL) of Toronto which has been trying to win support for its bid for Dome against the agreed C$5.1bn (US$3.87bn) offer made at the weekend by Amoco, the US oil company.

TCPL's approaches come amid calls on the Canadian Government by its political opponents to block a US takeover of what is seen as a symbol of Canadian economic nationalism.

Although about half Dome's shareholders are non-Canadian, the company has been a leading recipient of government exploration incentives and tax concessions designed to strengthen Canadian ownership in the oil and gas industry. The Amoco deal is subject to approval by Investment Canada, Ottawa's foreign investment monitoring agency.

Dome, which has debts of C$8.4bn, rebuffed TCPL's advances *10 days ago, and accused the company* of violating a confidentiality agreement.

TCPL complained in a statement yesterday that Dome had refused to hold discussions since April 16. Mr Gerald Maier, TCPL president, said that "we still want to acquire Dome's assets and are prepared to negotiate."

However, the pipeline company hinted at alternative tactics, by stressing that its bid included a component which could meet in full the claims of Dome's secured creditors out of future profits. TCPL said that profits generated by a subsidiary *it would form to hold Dome's* assets, might produce payments to creditors of C$1bn, in addition to the proposed purchase price of C$4.5bn, some of which would go to creditors.

Confirming TCPL's advances, a Canadian banker predicted yesterday that secured lenders would play a key role in determining Dome's fate. Leading creditors include Canadian Imperial Bank of Commerce, Toronto-Dominion Bank, Bank of Montreal, and US Citibank and Continental Illinois, of the US.

Creditors have not yet received details of the Amoco proposals, but *they have already questioned the* preferential treatment apparently envisaged for common and prefered shareholders in a company which is effectively insolvent.

A Dome official yesterday affirmed the company's determination to press ahead with the Amoco proposal, saying that "we're going down the path with Amoco."

Sri Lanka terrorist explosion claims at least 150 lives

BY MERVYN DE SILVA IN COLOMBO

THE SRI LANKAN Government yesterday imposed a curfew in the capital Colombo following a bomb explosion at the city's central bus station which killed at least 150 people and left many others injured.

The explosion occurred during the peak hour afternoon commuter rush in the centre of the city's commercial area. Thousands of people crowded the area after the blast which could be heard 15 kms away.

The Government blamed two Tamil separatist groups – Eros, which has carried out other bombings in Colombo and LTTE, the most powerful of the rebel groups and better known as the Tamil Tigers – for the blast.

Both groups are fighting for a separate homeland in the north-east of the Indian Ocean island.

The nine-hour curfew, starting at 8pm last night, was imposed to prevent retaliation against Tamils by the majority Sinhalese.

Reprisals have followed other attacks by Tamils and contributed to the deaths of 5,500 people during the past four years.

The explosion yesterday marks a severe escalation in the violence which in the past five days has claimed at least 250 lives.

The violence has shattered the Government's unilaterally imposed 10-day ceasefire, introduced to mark the end of traditional New Year holidays which are celebrated by both ethnic groups.

Earlier this week 127 bus passengers – half of the number servicemen and their families returning home for the celebrations – were killed in a bomb blast on the island's north-east coast.

The Tamil Tigers denied responsiblity for the attack on the bus, although it had all the hallmarks of one of their operations.

The Indian Government, which is mediating in the conflict, condemned the bus massacre saying it seriously jeopardised the current peace efforts. Two days later the Tigers attacked a Sinhalese village and killed 17 men, women and children.

With the police combing the Sinhalese south for activists responsible recently for seizing arms, including sub-machine guns, from police stations and small army camps and Sinhalese opinion hardening, the Government faces a severe test *in handling* the *immediate* threat to law and order in the south.

UK builder halves US placing

BY NIKKI TAIT IN LONDON

A BRITISH construction group is to halve its proposed £80m ($128m) issue of shares in the US and postpone the extraordinary meeting at which it will seek shareholders approval, in an effort to overcome objections from institutions.

The decision by C. H. Beazer *comes in the wake of the withdrawal* by Fisons, the pharmaceuticals and scientific equipment group, of its £100m international share placing last Thursday.

In both cases, institutional shareholders argued that the pre-emptive principle – under which existing shareholders would be given first refusal on new shares, a move designed to prevent dilution of their stakes – was being dangerously overriden.

However, two other potentially-controversial issues appear to have avoided serious criticism. Yesterday, DRG, the stationary and packaging group, gained approval for a £40m convertible eurobond issue.

If full conversion takes place, the shares issued would represent *about 7.8 per cent of the company's* issued share capital which is outside institutional guidelines. These currently suggest that companies can make occasional issues of under 6.67 per cent of issued share capital and 5 per cent of authorised, but anything over that should be questioned.

According to DRG, there were no institutions at yesterday's meeting. The company said some proxies were against the issue, but "the vast majority' were in favour. Conversion cannot take place until July.

There also appeared to be little resistance – though some unhappiness – last night over the proposed £215m equity offerings in the US and Japan announced by Barclays Bank last week.

The bank will seek shareholders' approval for limited suspension of pre-emptive rights at its annual meeting today. The Barclays issue represents 4.7 per cent of authorised share capital and the company's share price has gained 7p to 210p since last Thursday's announcement.

Beazer said yesterday that it would cut the maximum planned number of new shares to be offered in the US from 34.5m to 17.5m.

Boardroom changes urged in UK

BY MICHAEL SKAPINKER IN LONDON

A CODE of practice, published yesterday with the backing of the London Stock Exchange, the Bank of England and the Confederation of British Industry, the employers' organisation, recommends that UK companies appoint at least three outside directors to their boards as a way of controlling the power of chief executives.

Compliance with the code is voluntary, but Sir Nicholas Goodison, the stock exchange chairman, has written to all listed and Unlisted Securities Market companies "warmly recommending" that they comply.

The code was drawn up by Pro Ned, an organisation set up in 1982 by the stock exchange, the CBI, the Bank of England and other financial institutions to promote the appointment of non-executive directors to company boards.

In an apparent reference to recent scandals in London, Sir Nicholas told companies that "events since I last wrote to you have, if anything, made the need for public company boards to examine their composition even more important."

Sir Nicholas added that stock exchange regulations would be amended to require companies to identify their non-executive directors in their annual reports, together with a biographical note on each.

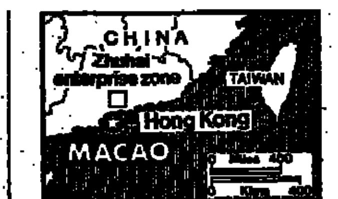
The code recommends that larger quoted companies have at least three "independent" non-executive directors, accounting for about a third of the board's members. Larger companies are defined as those with a turnover of £50m ($81m) or more, or with more than 1,000 employees.

In the case of smaller quoted companies, or larger companies with small boards, the code "should be followed in a manner and to an extent appropriate to the size of the board and commensurate with the company's resources."

The code specifies that the independent non-executive directors should not have been employed in an executive capacity by the company within the last five years and should not be professional advisers retained by the company on a "continuing or regular basis". Nor should they, personally or through their employers, be suppliers to or significant customers of the company.

The sponsors say the code is not intended to prevent former executives or professional advisers from sitting on the board as non-executive directors.

The code also recommends that companies establish audit committees composed "mainly or wholly of non-executive directors" to monitor systems of financial control.



Territory with an identity crisis

By Diana Smith recently in Macao

I TOLD my Chinese taxi driver to take me to the Banco do Oriente, naming a large bank in the Portuguese-run territory of Macao. I spoke in English, having been warned that Portuguese is not spoken in most Macao cabs.

There was no response.

I tried the street. "Avenida da Amizade?" I said slowly.

"Am-mi-za?" the driver echoed, his face crinkled in puzzlement. "Macao side?" he asked.

"Macao side," I said, digging into scant reserves of local knowledge and pidgin English for anything that would produce a spark of recognition. I remembered the name of the building where the bank was located.

"Sintra building?" I asked, aware that I had run out of terms of reference.

"Ah," the driver cried. "Sint'a 'hoteh'. Okay."

And off he went, without hesitation, to the bank in the Sintra building. The fare was a modest HK$12 ($1.53).

In fact, the pataca is the official currency. But if you change foreign currency in a Macao hotel the cashier gives Hong Kong dollars, to which the pataca is pegged, assuming that what you don't lose in the seething Chinese-run casinos you would probably rather spend on high living, 24-hour tailors, and high technology gadgets in Hong Kong, just a 50-minute hydrofoil ride away.

Macao is like that. Someone else's currency carries weight. Someone else's language – English or Chinese – gets you further than Portuguese, the official language. Someone else's driving habits rule the road. Cars are driven on the left as in Britain and Hong Kong, but not in Portugal, or China, for that matter.

Revenue from the huge Chinese gambling palaces with Portuguese names fuels the economy, accounting for 50 per cent of the annual budget. One such gambling centre is the Lisboa, a hotel-casino built like a sealed-in *bird* cage to keep the money in and the bad spirits out.

Portugal has run Macao since its first traders arrived in 1550, but the place has the feel of China – not surprisingly, since 96 per cent of the population is Chinese. Chinese women cross the border two or three times a day to China's free economic zone to buy fish (filleted live and wriggling), vegetables and fruit. The cramped streets are dominated by open-front Chinese stores and pagodas.

The Chinese dismiss the Portuguese with a delicate shrug: "You go to public school, you must learn their official language, Portuguese. But you don't have to go to public school. You go to private Chinese school," which is a huge monument to Sun Yat Sen, father of China's democracy and nothing to do with Portugal.

Hunt for signs of Portugal beyond the street names that few Chinese know and you find some pink houses on hills overlooking the bay (and China), a ruined fort or two, the Luis de Camoes Museum, a governor's palace and house of the loyal Senate, and the main landmark – Sao Paulo Cathedral.

Inadvertently symbolic, Sao Paulo is a stone facade, built for the Jesuits in the 17th century by oriental craftsmen who mixed idols and goddesses with the statuary of Catholic saints. Behind the facade was a church, devoured by fire in 1835 and never rebuilt.

Twelve years before handover to China in 1999, Portuguese officials are striving to organise the territory and to woo productive investment beyond the enclave's traditional activities of textiles, toys, gambling tourism and fireworks.

Macao has seen a building boom and rapid economic growth of up to 11 per cent a year this decade. But it started from so far back that Portuguese visitors who expect a smaller Hong Kong find instead mean streets and pockets of high-rise development.

They are depressed not only by the subtropical steam heat (spring temperatures in the mid-70s Fahrenheit and humidity of 99 per cent) but also by a perception that Macao was neglected almost until it was time to turn it back to the Middle Empire. Kingdom which, 430 years ago, took 20 *years to learn that Portugal had* set up shop for its own benefit on the little peninsula.

THE LEX COLUMN

Indiana and the Temple of Dome

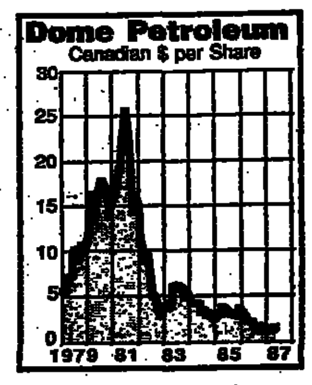
Dome Petroleum has been a corporate form of the undead for the last five years. Amoco's recommended bid of C$5bn is the stake through the heart, after which the tortured soul finally attains peace. In fact Dome's creditors may not be too keen on this form of deliverance, in which they will get, on average, about 70 per cent of the nominal value of their debt in the form of Amoco paper, while ordinary shareholders will get approximately market price.

Yet Dome above all needs the vote of the shareholders. The company may be effectively insolvent, but it has not filed for bankruptcy, so technically it is still owned by its shareholders. If the creditors were to pull the plug then matters would be very different, but the seemingly endless rescheduling negotiations of recent years have been characterised by the unwillingness of the bankers to call Dome's bluff and force a liquidation.

Trans-Canada PipeLines will doubtless attempt to win creditor support for its counter offer, but having signed a binding letter of agreement with Amoco, Dome is only too aware, following the technical bankruptcy of Texaco, of what US oil companies do when they have been crossed.

Although there is bound to be a political storm over the deal in Canada – which TCPL will exploit to the full – it is difficult to see the Mulroney administration blocking the deal. Even after acquisition Amoco will need the assent of two regulatory agencies to export one therm of Dome's gas or one barrel of its oil. More to the point, Amoco is far better placed to develop Dome's Canadian reserves than the current impoverished owner.

In a sense the deal represents a blow to the pride of Amoco, which for so long has scorned the oil mega-mergers as a path followed only by oil companies with inadequate exploration skills. But even Amoco could not turn its nose up at such reserves when offered for little more than US$5 a barrel.



US Bonds

With the US long-bond nudging an 8.5 per cent yield for the second time in a week it is no wonder a growing body of opinion is now convinced that the bond market has well and truly turned. While yesterday's rumours about an imminent rise in the discount rate no doubt had some short-term impact it is the prospect of US inflation moving back over 4 per cent that seems chiefly responsible for the bond slump. Following the movement in the oil price over the past year the inflation prospect is hardly news but given the dismal lack of any countervailing optimism, a persistent decline in bond prices, alongside the dollar, now looks a real threat.

Pre-emption

First Fisons, now Beazer. Institutions may indeed have been working quite abstractly in defence of the pre-emption principle, but it looks uncannily as if a capricious institutional nemesis has been lying in wait for companies advised by County.

While Barclays and DRG seem to be getting clean away with their respective plans to issue equity (or near equity) off the London market, the unlucky Beazer has buckled under the strain of disapproval, some of it doubtless inherited from previous equity issues, and has halved its offering of ADRs.

Having so unexpectedly brought down these companies and their advisers, the institutions may now be about to deliver a kick to the rest, possibly applying the 5 per cent limit to issued, rather than authorised capital and insisting that it is not a licence to make regular 5 per cent placings.

It might be better if the proposed new guidelines dealt with the principle of dilution as such, addressing it on a case by case basis, rather than simply by tightening up on the freedom to raise equity in general: but it has always been doubtful whether the defence of pre-emption was more to do with dilution or with underwriting commissions.

Honda Motor

If a falling dollar is to be the solution to the problem of the US trade deficit then the 30 per cent drop in the average dollar/yen exchange rate in Honda Motor's fiscal year, ended *February, ought to have* almost wiped out the company's US business. Clearly it has not, and there can be little faith left in the theory working in the short term either.

Honda's consolidated net profits may be down 43 per cent, to Y83.69bn, but its car sales in the US have shown staggering volume gains, without having to resort to the depths of price cutting or incentives adopted by some domestic manufacturers.

The plain fact is that Honda makes cars which Americans want to buy, while hardly anyone outside the US would dream of importing an American-made car. Ironically, the lower dollar means that Honda can now profitably export cars from its US factory to Japan. That does reinforce the hope that the currency will one day restore the trade balance even if it takes the Japanese, dab hands at selling from a falling currency, to do it.

Non-executives

Non-executive directors have been the accepted panacea for corporate ills since about last August, and any code of practice dealing with their role runs the risk of being tested for its ability to prevent the recurrence of what went wrong with Guinness. The Pro Ned code might have been some help – after all, it reminds chairmen that directors are supposed to be well and promptly informed what is going on – but like the Takeover Code, and the Companies Act, it might not. The presence of five non-executives was insufficient in itself to put Guinness on the straight and narrow, and even the present chairman of Guinness might possibly be failed (under rule 2c) by the new code.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	17	63	Dubrovnik	R	15	59	Malta	S	18	64	Rhodes	S	21	70
Algiers	–	–	–	Edinburgh	C	12	54	Manchester	C	12	54	Rio de J'o	S	38	99
Amsterdam	S	21	70	Faro	C	18	64	Manila	S	37	99	Rome	R	22	72
Athens	S	19	66	Florence	–	–	–	Melbourne	S	15	59	Salzburg	R	5	41
Bahrain	C	27	80	Frankfurt	F	11	52	Mexico City	C	25	77	San Francisco	S	28	82
Bangkok	S	35	95	Funchal	F	21	70	Miami	S	25	77	Seoul	R	18	64
Barcelona	F	16	61	Geneva	C	13	55	Milan	F	18	64	Singapore	R	31	88
Beirut	S	27	81	Gibraltar	S	18	66	Montreal	C	28	82	Stockholm	S	8	46
Belfast	C	12	54	Glasgow	C	12	54	Moscow	C	1	34	Strasbourg	C	11	52
Belgrade	R	13	55	Guernsey	S	11	52	Munich	F	9	48	Sydney	S	19	66
Berlin	R	8	46	Helsinki	S	3	37	Nairobi	F	25	77	Taipei	C	30	86
Biarritz	C	15	59	H. Kong	S	26	79	Naples	F	17	63	Tangier	C	24	75
Bombay	S	34	93	Innsbruck	F	16	61	Nassau	S	26	78	Tel Aviv	S	23	73
Bordeaux	S	16	61	Inverness	C	11	52	New Delhi	S	39	103	Tenerife	F	30	86
Brussels	F	13	33	Islamabad	S	37	99	New York	C	24	75	Tokyo	C	25	77
Budapest	F	15	58	Istanbul	S	20	68	Nice	S	17	63	Toronto	C	24	75
B. Aires	S	21	69	Jakarta	R	32	90	Nicosia	S	22	71	Tunis	F	25	77
Cairo	S	24	75	Jersey	S	13	55	Oporto	C	17	63	Valencia	S	21	70
Cape Town	S	23	73	Jo'burg	S	23	73	Oslo	C	3	37	Venice	F	17	63
Caracas	C	30	86	Lima	S	26	79	Paris	C	15	59	Vienna	F	12	54
Casablanca	–	–	–	Lisbon	C	23	73	Peking	–	–	–	Warsaw	C	7	45
Chicago	C	30	86	London	C	15	59	Prague	R	7	45	Washington	C	16	61
Cologne	C	10	50	Los Angeles	S	30	86	Reykjavik	R	7	45	Zurich	F	9	48
Copenhagen	C	6	43	Luxembourg	R	8	46								
Corfu	S	18	64	Madrid	F	21	70								
Dallas	C	16	61	Majorca	F	22	72								
Dublin	S	17	63	Malaga	C	20	68								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Gold soars to 4-year high

Continued from Page 1

concern about higher US inflation because of the weakness of the dollar and a flight out of US securities by international investors.

Fears of high US interest rates in order to stop the dollar falling pushed the US Treasury long bond down by about 1½ points yesterday, continuing the sharp decline in bond prices since the Group of Seven industrial nations reaffirmed the Paris accord on currency stabilisation.

Although movements in the currency market yesterday were relatively small, the mood was nervous.

Citicorp lifts payout

Continued from Page 1

by our building of significant new earnings streams from foreign exchange products, insurance and financial guarantees, asset based lending, equity products and transaction processing among others," Mr Reed said.

The group's first quarter performance reflected a continued very strong performance of the consumer banking operations offset by a sharp drop in the contribution of the group's institutional banking operations which mainly reflects the impact of Brazil.

Citicorp has increased its capital by almost $1bn in the latest quarter to $22.5bn

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday April 22 1987

BROAD-BASED BOOST LIFTS US GROUP

Sears Roebuck jumps by 47%

BY DAVID OWEN IN NEW YORK

SEARS ROEBUCK, the huge retailing and financial services conglomerate whose earnings have stagnated since 1984, yesterday reported a 47 per cent rise in first quarter net income to a record $287.9m or 75 cents a share.

Analysts described the broad-based upturn as better than expected and by mid-morning the group's shares were trading up $¾ at $52⅝ despite a bearish overall market.

First quarter revenues rose 11.6 per cent to $10.46bn. A year ago, the Chicago-based company earned $195.3m or 52 cents a share on revenues of $9.39bn.

Net realised capital gains and other income in the latest quarter totalled $128.7m, as against $89.9m in 1986. The most recent figures also include a one-time after-tax charge of $20m from the merchandise unit's restructuring of its costly distribution network.

Mr Edward Brennan, chairman and chief executive, described the results as "an excellent start to the year".

"The three most important factors in consumer spending – disposable income, employment and household wealth – are showing strong gains."

First quarter income from the company's *merchandise group* actually fell from year-earlier levels after inclusion of the previously mentioned $20m charge, to $31.3m, compared with $42.1m in 1986.

Revenues were up 5.7 per cent to $5.77bn, however, marginally above the company's 5.5 per cent target for the year as a whole.

Sear's buoyant Allstate Insurance Group, in contrast, registered a sharp earnings upturn, with first quarter income rising 40 per cent to $248.9m. Revenues increased 28.2 per cent to $3.65 bn.

While the improvement was primarily attributed to higher investment income, improved underwriting results and increased capital gains, Allstate also benefited from changes instigated by the 1986 Tax Reform Act.

This resulted in a $33.2m favourable "fresh start" adjustment arising from the initial discounting of loss reserves at the beginning of 1987 and a further $13.5m net benefit related to increased *income* taxes.

A similar "fresh start" adjustment will be recognised in each remaining 1987 quarter, the company said.

Dean Witter Financial Services also did better in the first quarter, reporting income of $6.1m on revenues of $937.5m, compared with a loss of $6.4m on revenues of $842.9m a year ago.

Discover Card operation losses widened from $22m to $25.8m, however. Earlier this year, Mr Brennan said he expected losses associated with the card's introduction to be lower in 1987 and that it should cross the break-even point and generate a profit next year.

Coldwell Banker Real Estate contributed $39.3m to first quarter 1987 income – more than double the corresponding year earlier figure of $16.8m. The sale of shopping centres was responsible for the improvement.

CGCT bid decision expected today

By David Housego in Paris

THE SUSPENSE over who will gain control of the Compagnie Générale de Constructions Telephoniques (CGCT), the French state telephone equipment manufacturer, was prolonged yesterday after a meeting of senior ministers ended inconclusively.

However, the Prime Minister's office said a decision would be taken before tomorrow when Mr Jacques Chirac leaves for a visit to Lorraine in eastern France.

The failure to reach a conclusion at yesterday's meeting, over which Mr Chirac presided, reflected the intense lobbying over the privatisation of the group, which has access to 16 per cent of the domestic market for public switching equipment.

AT&T of the US, in partnership with Philips and SAT of France, have been the longest contenders. The two other bidders are Siemens, in partnership with Jeumont Schneider, and an alliance between Ericsson of Sweden and Matra, the French electronics group. Ericsson and Matra strengthened their hand last week by announcing a new tie-up over radio telephones.

Mr Andre Giraud, the Minister of Defence, and Mr Jean Bernard Raimond, the Foreign Minister, attended yesterday's meeting, indicating the extent of diplomatic lobbying.

The successful consortium will have to pay FFr 500m ($83m) as the price of taking over CGCT. In addition, it will have to provide FFr 150m for a capital restructuring and FFr 200m to cover the costs of adapting its equipment to French norms.

Moulinex sees upturn

BY DAVID HOUSEGO IN PARIS

MOULINEX, the leading French manufacturer of household equipment, expects to break even this year at a consolidated level before moving significantly into profit in 1988.

This forecast was made yesterday by Mr Roland Darneau, the new managing director, in his first press conference since taking over as chief executive from Mr Jean Mantelet, the founder and principal shareholder. Mr Darneau said he was not worried about the profitability of the company once it had completed its rationalisation programme and restored its trading margins.

He blamed Moulinex's recent losses on ill-founded hopes of a turnaround in sales. The company had allow its margins to be squeezed in an effort to maintain market share.

Moulinex announced yesterday that trading profits in 1986 had risen to FFr 238m ($39.6m) from FFr 24m the preceding year. Net consolidated losses sharply worsened from FFr 35m in 1985 to FFr 238m last year as a result of restructuring costs. Turnover remained flat at FFr 3.7bn.

The current year had started poorly with first quarter turnover down by 17 per cent on the same period of 1985.

Mr Darneau saw his first task as restoring confidence in the group – a household name in France – which has been the subject of uncertainty over Mr Mantelet's succession. There were also takeover rumours, which were dismissed by the new chief executive.

The 1986 results bore the weight of FFr 450m in exceptional items – mainly restructuring costs – as compared with only FFr 85m in 1985. The group cut its workforce by 15 per cent or 1,300 people last year.

A five-year plan was put into operation last May aimed at widening the group's international activities so that exports would account for three-quarters of sales as compared with the current 66 per cent.

Following its heavy re-equipment programmes of the last two years – including the development of microwave capacity which now accounts for 13 per cent of group sales – investment is being slowed down. Moulinex will only invest this year about half of the FFr 175m invested in 1986 but aims at a medium-term objective of investing 5 per cent to 6 per cent of turnover.

Mr Darneau attributed the sharp rise in trading profits last year to the increase in margins on sales, which, with workforce cuts, he sees as the two main elements in the group's recovery.

Xerox on line for 'year of growth'

By Our Financial Staff

XEROX boosted first quarter earnings from continuing operations to $135m or $1.25 a share, from $102m or 93 cents a year ago, and said it was looking for a year of progress in its two principal markets, business products and systems and financial services.

The year-ago figures exclude a $42m gain from pension accounting changes, which lifted final net to $143m or $1.35 a share. Combined first quarter revenues from its business products and systems and financial services jumped to $3.3bn from $2.8bn in the 1986 first quarter.

Mr David Kearns, chairman and chief executive, said: "I am encouraged by the first quarter performance. This represents an excellent beginning for 1987 and we are on track for a year of good growth."

Mr Paul Allaire, president, said that the improved results from the business products and sytems segment came from a pickup in worldwide demand for Xerox equipment and from cost cutting.

The favourable effect of the lower dollar accounted for a third of the total 15 per cent increase in business product and systems revenues, which reached $2.3bn in the first quarter, against $2bn a year earlier.

Record profit at McDonald's

BY PAUL HANNON IN NEW YORK

McDONALD'S, the leading US fast food hamburger chain, achieved record first-quarter profits of $106m, or 83 cents per share, against $94.1m, or 72 cents.

Much of the increase was attributed to stronger overseas expansion, aggressive promotion of new products and further expansion in the breakfast market.

The company is to add a further 500 restaurants to its existing chain of 9,450 with about two-thirds of new outlets planned for the domestic market.

World sales for the quarter jumped to $3.12bn compared with $2.73bn in the corresponding three months, largely due to increased turnover at existing outlets, new product development and the effect of stronger foreign currencies, according to McDonald's.

Mr Fred Turner, chairman, said: "Our optimism about 1987 appears to be justified, as we are off to a strong start."

Net income per common share increased 15 per cent while system-wide sales and total revenue improved 14 and 13 per cent respectively. McDonald's attributed the improvement in company operated restaurant margins during the quarter (from 15.1 per cent to 16.6 per cent) to lower food, paper and labour costs.

The company's overseas restaurant structure now includes 572 outlets in Japan, 519 in Canada, 246 in West Germany, 231 in the UK and 183 in Australia.

Although the earnings figures exceeded some analysts' forecasts, McDonald's retreated $¾ to $75¾ in early trading on the New York Stock Exchange.

Black & Decker moves ahead

BY DAVID OWEN IN NEW YORK

BLACK & DECKER, the US power tool manufacturer, reported improved but still unsatisfactory earnings for its second quarter of $9.3m or 16 cents a share, against $1.6m (3 cents a share) a year earlier.

Total sales for the quarter rose 6 per cent to $438.7m from $415.1m in the three months ended March 30, 1986.

Mr Nolan Archibald, chairman, called the latest performance "encouraging", but none the less recognised "the need to maintain earnings momentum to achieve a more acceptable return on shareholders' equity."

The figures show that "cost-cutting programmes initiated in 1986 are yielding higher margins".

On the domestic front, positive sales trends in a number of sectors, notably household irons and professional power tools, have been masked in the short-term by action taken to improve the product sales mix, the company said.

Maryland-based Black & Decker has exited a number of "marginal or non-strategic" product lines, including some household appliances and its industrial air tools business in an attempt to ensure more consistent earnings from higher margin products.

In Europe, sales in the UK and Italy have been reasonably strong, although the company is taking "corrective actions" to bolster its performance in the important West German market.

Net earnings for the first six months were $31.6m (54 cents a share) on sales of $967.7m.

German insurer to float off shares

BY PETER BRUCE IN BONN

THE Aachener und Muenchener one of West Germany's biggest insurance groups, said yesterday it had agreed to sell DM 44m ($24.4m) of its authorised capital to the Dresdner Bank, which plans to float the stock and raise DM 730.4m.

The move is the third and final step in a programme to raise capital designed to help the Aachener and Muenchener pay for control of the country's fifth biggest bank, the Bank fuer Gemeinwirtschaft (BfG). The BfG's financially troubled owners, the country's big trade unions, agreed late last year to sell 50 per cent and one share to the insurers for DM 1.9bn.

The Aachener und Muenchener Beteiligungs (AMB), the group's holding company, said the Dresdner Bank would float the 880,000 bearer shares at DM 830 each, mainly abroad – probably in London and Zurich.

Britain's Royal Insurance group has a 20 per cent stake in AMB, which has also just raised DM 1.3bn in a rights issue.

It was not clear yesterday when the Dresdner Bank would float the shares, which represent 25 per cent of its voting capital. AMB's stock is currently trading in Frankfurt at about DM 880, well below the DM 2,400 it stood at before the decision to take over the BfG last November.

The AMB's plunge into banking is being watched with extreme care by both banks and other insurers.

Northern Telecom lifts income

By Bernard Simon in Toronto

NORTHERN TELECOM, the Canadian telecommunications equipment maker, raised net earnings to US$53.7m, or 46 cents a share, in the first quarter, from $43.3m, or 37 cents a share, a year earlier. Operating profit rose from $57.7m to $75.9m.

The improvement reflects a recovery from disappointing results a year ago when Nortel's earnings were dented by software problems and the costs of resolving them.

First quarter revenues rose by 18 per cent to $1.14bn. While new orders have climbed by a similar margin in the past year, they were 7 per cent lower than levels reached in the final quarter of 1986.

Mr Edmund Fitzgerald, chairman, predicted a continued advance

Belgian utility reports 8% rise in earnings

By William Dawkins in Brussels

TRACTABEL, Belgium's biggest gas and electricity utility, formed last year from the merger of the diversified holding groups, Tractional and Electrobel, yesterday announced an 8 per cent annual profits rise.

The group's non-consolidated earnings rose to Bfr 6.15bn ($164m) last year from Bfr 5.7bn in 1985. After a transfer to reserves of Bfr 90m, as against Bfr 695 in the previous year, non-consolidated profits rose from Bfr 3.9bn to Bfr 4.6bn.

The two companies, which form a 12 per cent-owned associate of Société Générale de Belgique, Belgium's biggest industrial conglomerate, also have interests in property, chemicals, foods, telecommunications and engineering.

The group estimates that at the end of last year they had a combined portfolio value of Bfr 67.6bn, representing a Bfr 39.6bn surplus over book value and a 20 per cent advance over the portfolio value at the time of the merger in April last year.

Philips seeks bigger share of US market

BY OUR NEW YORK STAFF

PHILIPS, the Dutch electrical and electronics group, is preparing to launch a major marketing campaign in the US in an attempt to grab market share and to confront head-on the Japanese electronics industry.

Mr Cornelius van der Klugt, president, last week presided over the graduation of the company's US stock listing from the over-the-counter market to a full New York Stock Exchange quote which the group hopes will encourage the holding of its equity by more American investors.

"The US represents 50 per cent of the world market for the products that we make, so if we are to succeed globally, we must compete effectively in the US," says Mr van der Klugt.

The Philips brand name, although common in Europe, is not well known in North America. This summer the company plans to promote a range of compact discs – a product, as Mr van der Klugt is at pains to remind people, which Philips invented – with video and interactive features, followed by more sophisticated read-only memory models.

Although Philips has been badly hit by the dollar/guilder rate in the past year, Mr van der Klugt says: "As long as you export from Europe to the US, you will get clobbered. That is why we have built plants all over the world. If the exchange rate had been constant, our net profit would have been $200m to $300m higher last year. It is prudent to think that things will be like this for another five years."

If the dollar continues to plunge, "Europe will be in an uproar and we will have to shift our production out. We can do this, unlike the car and chemical industries."

In the longer term Philips sees the North American market as eventually replacing Europe in key areas.

"Our battle for the US market will not be an easy one. The Japanese have taught us a lot – such as creative destruction."

Unisys gets off to strong start

By Anatole Kaletsky in New York

UNISYS, the large US computer company formed last year by the merger of Burroughs and Sperry, earned $110m or $1.71 a share in the first quarter on revenues of $2.416bn.

The results were not directly comparable to the $16m or 35 cents earned a year earlier by Burroughs alone on revenues of $1.136bn, but they substantially exceeded most Wall Street projections.

According to Mr Michael Blumenthal, Unisys chairman, they were also stronger than expected by the company itself. The Unisys share price was unaffected by yesterday's results, having jumped $4⅞ to $108⅞ in active trading on Monday after Mr Blumenthal made a statement foreshadowing good earnings of "around $1.70 a share."

The quarter's performance made the company confident of achieving its financial and operating targets for 1987, he added.

RACAL AND MERCURY POSE CHALLENGE TO BRITISH TELECOM

Rival UK groups set to launch radiopagers

BY TERRY DODSWORTH, INDUSTRIAL EDITOR, IN LONDON

TWO of the UK's leading telecommunications companies, Racal and Mercury, are to launch new national radiopaging systems over the next six months, in the first significant challenge to British Telecom's virtual monopoly in the industry.

The introduction of the two new networks comes at a time of rapid expansion in the UK paging industry, which is growing at about 25 per cent a year, and has estimated annual revenues of about £100m.

Official Department of Trade and Industry forecasts suggest that the current base of about 440,000 users could jump to 1m by 1990 and reach 3m by the year 2000. British Telecom Mobile Communications, a subsidiary of BT, is estimated to have about 85 per cent of the current market, with around 375,000 subscribers.

About a year ago, the Government took steps to broaden competition in the paging industry by granting national licences to three groups.

Mercury, the competitor to BT in the basic telephone market, has linked up with Motorola of the US to form a joint venture and is due to launch its service next week at a cost of around £4m. Initially this will cover an area close to London, but by the end of 1988 the new company is aiming to have a national service in place.

Racal, BT's competitor in cellular mobile telephones, says it is investing about £10m in its paging operation, which it aims to have ready for a nationwide launch in the autumn.

The third new licencee, a consortium of small regionally-based companies – Air Call, Digital Paging Systems and Pageboy – claims to be working towards a launch date next year.

BTMC has recently stepped up its promotional effort in an apparent bid to consolidate its position before the new competitors bring their networks on stream. Among a package of measures announced last week were tariff changes to bring down charges to long-term customers, and new regional arrangements to make service selection easier.

Growth in the UK industry has been stimulated recently by the development of new and more easily portable pagers with more sophisticated functions than the simple bleep of traditional models.

More expensive pagers now have visual displays which can give the user brief written instructions and telephone numbers to call, and can also record messages in memory banks when the bleep tone is switched off.

Subscription numbers in the UK, however, still lag behind those in many other industrialised countries, including the US and Japan.

In Japan, for example, well over 3 per cent of the working population is estimated to use pagers, almost three times the penetration level achieved among the labour force in the UK.

While the market potential is one of the factors behind the launch plans of Mercury and Racal, these two companies also believe they have sufficient technical and marketing strength to develop a viable alternative to the BTMC network.

Both of them will be able to use some of the infrastructure already established for their cellular and telephone networks for transmitting messages, so reducing the capital expenditure required for the new service.

In the past, the smaller paging companies have baulked at the investment demanded to pose a challenge to BTMC, which has established its position by giving nationwide coverage for its paging system.

INTL. COMPANIES AND FINANCE

Armco stages strong recovery

BY DAVID OWEN IN NEW YORK

ARMCO, the *diversified* US steel group whose 1986 losses totalled $472m, served notice of a significant change in its fortunes by reporting net earnings of $52.5m or 74 cents a share for the first quarter on sales of $727.8m.

In the corresponding 1986 quarter, the company made a net loss of $62.9m on sales of $681.4m after taking into account a $40m provision for loss on the disposal of discontinued operations, a $7.3m loss from discontinued operations, and a $1.7m tax credit.

Figures for the latest quarter include both a $41.7m special investment tax credit and a tax loss carry forward credit of $2.9m. A change in accounting principle, however, reduced latest quarter income by $3.5m, the company said.

New Jersey-based Armco was buoyed by the much-improved performance of its carbon steel operations, which showed an operating profit of $32.7m – up from just $2.8m a year ago – on sales of $478.2m. Carbon steel shipments represented the highest quarterly total for nearly three years, the company said.

Operating profit in the specialty steels division slipped to $9.8m on sales of $153.9m from $12.9m a year ago.

NORTH AMERICAN QUARTERLIES

ALUMINIUM CO OF AMERICA
Aluminium

First quarter	1987 $	1986 $
Revenue	1.26bn	1.18bn
Net profits	*49.5m	1.4m
Net per share	0.56	0.01

*Includes losses of $14.5m vs $16.1m from foreign currency exchange.

AMDAHL
Plug-compatible computers

First quarter	1987 $	1986 $
Revenue	318.5m	200.2m
Net profits	25.2m	2.4m
Net per share	0.51	0.05

AMERADA HESS
Oil

First quarter	1987 $	1986 $
Revenue	1.23bn	1.43bn
Net profits	*161.5m	†339.3m
Net per share	2.15	†4.02

*Includes $94m tax benefit.
†Loss

AMERICAN BRANDS
Tobacco products

First quarter	1987 $	1986 $
Revenue	2.5bn	2.1bn
Net profits	130.8m	118.8m
Net per share	1.15	1.05

AVON PRODUCTS
Cosmetics

First quarter	1987 $	1986 $
Revenue	691.4m	608.5m
Net profits	18.7m	17.7m
Net per share	0.27	0.24

BELL ATLANTIC
Telecommunications

First quarter	1987 $	1986 $
Revenue	2.5bn	2.4bn
Net profits	307.5m	289.9m
Net per share	1.54	1.45

CHAMPION INTERNATIONAL
Forest products

First quarter	1987 $	1986 $
Revenue	2bn	1.1bn
Net profits	55.5m	22.0m
Net per share	0.57	0.20

CHAMPION SPARK PLUG
Spark plugs, vehicle parts

First quarter	1987 $	1986 $
Revenue	260.3m	226.1m
Net profits	7m	100,000
Net per share	0.18	0

COMSAT
Satellite communications

First quarter	1987 $	1986 $
Revenue	123.3m	114.9m
Net profits	8.5m	14m
Net per share	0.46	0.76

CONTEL
Telecommunications

First quarter	1987 $	1986 $
Revenue	722.9m	667m
Net profits	66m	60m
Net per share	0.71	0.64

CONSOLIDATED RAIL
Freight railroad

First quarter	1987 $	1986 $
Revenue	786m	776m
Net profits	66m	60m
Net per share	1.28	0.88

DUN AND BRADSTREET
Business information

First quarter	1987 $	1986 $
Revenue	828.5m	751.8m
Net profits	98.8m	84.9m
Net per share	1.30	1.12

EATON
Vehicle parts, electronics

First quarter	1987 $	1986 $
Revenue	1.02bn	882.4m
Net profits	60.2m	50.1m
Net per share	2.02	1.52

EMHART
Industrial & consumer products

First quarter	1987 $	1986 $
Revenue	602.6m	509.6m
Net profits	26m	19.1m
Net per share	0.90	0.66

FANNIE MAE
Mortgages

First quarter	1987 $	1986 $
Net profits	56.4m	34.7m
Net per share	0.72	0.47

FIRST BOSTON
Investment banking

First quarter	1987 $	1986 $
Revenue	483.3m	393.9m
Net profits	76.2m	70.2m
Net per share	2.09	2.15

FIRST INTERSTATE BANCORP
Banking

First quarter	1987 $	1986 $
Assets	52.1bn	49.7bn
Net profits	83.5m	79.0m
Net per share	1.76	1.71

GAF
Chemicals

First quarter	1987 $	1986 $
Revenue	191.1m	176m
Net profits	36.9m	28.6m
Net per share	0.56	0.41

GANNETT
Business publishing

First quarter	1987 $	1986 $
Revenue	703.1m	614.7m
Net profits	52.5m	44.8m
Net per share	0.33	0.28

GILLETTE
Toiletries

First quarter	1987 $	1986 $
Revenue	782.1m	655.2m
Net profits	55m	45m
Net per share	0.96	0.72

B. F. GOODRICH
PVC resins, chemicals

First quarter	1987 $	1986 $
Revenue	485.6m	728.8m
Op. net profits	3.8m	†22.2m
Op. net per share	0.06	†0.99

†Loss

HERCULES
Chemicals

First quarter	1987 $	1986 $
Revenue	664.3m	645.2m
Op. net profits	48m	45.4m
Op. net per share	0.86	0.81

INLAND STEEL INDUSTRIES
Steel

First quarter	1987 $	1986 $
Revenue	842.6m	754.1m
Op. net profits	10.7m	†22.0m
Op. net per share	0.28	†0.94

†Loss

KIMBERLY-CLARK
Paper products

First quarter	1987 $	1986 $
Revenue	1.18bn	1.04bn
Net profits	75.1m	73.2m
Net per share	1.63	1.60

KRAFT
Food processor

First quarter	1987 $	1986 $
Revenue	2.47bn	1.99bn
Net profits	102.5m	154m
Net per share	0.75	1.06

LOCKHEED
Defence, aerospace

First quarter	1987 $	1986 $
Revenue	2.58bn	2.24bn
Net profits	86m	87m
Net per share	1.30	1.32

MARSH & McLENNAN
Insurance broker

First quarter	1987 $	1986 $
Revenue	560m	444.2m
Net profits	92.9m	65.1m
Net per share	1.25	0.89

NORTH AMERICAN PHILIPS
Electrical, electronic products

First quarter	1987 $	1986 $
Revenue	1.1bn	1bn
Net profits	14.5m	14.1m
Net per share	0.50	0.49

PACIFIC TELESIS
Telecommunications

First quarter	1987 $	1986 $
Revenue	2.24bn	2.22bn
Net profits	293.3m	273.9m
Net per share	0.68	0.64

POLAROID
Instant photography

First quarter	1987 $	1986 $
Revenue	381.1m	326m
Net profits	24.6m	16.1m
Net per share	0.79	0.52

PRIME COMPUTER
Computer products

First quarter	1987 $	1986 $
Revenue	221.7m	196.8m
Net profits	11.9m	9.2m
Net per share	0.24	0.19

RALSTON PURINA
Grocery, agricultural products

Second quarter	1986-87 $	1985-86 $
Revenue	1.44bn	1.31bn
Net profits	71.5m	61.8m
Net per share	0.98	0.83

REYNOLDS METALS
Aluminium

First quarter	1987 $	1986 $
Revenue	910.1m	898.3m
Net profits	25.9m	*76.9m
Net per share	1.03	3.38

* Includes $67.7m pension gain

ROHM & HAAS
Chemicals

First quarter	1987 $	1986 $
Revenue	533.1m	540.8m
Net profits	57.4m	38.3m
Net per share	0.83	0.56

ROYAL TRUSTCO
Trust

First quarter	1987 C$	1986 C$
Assets	20.2bn	14.1bn
Net profits	43m	37m
Net per share	0.61	0.53

RYDER SYSTEM
Trucking

First quarter	1987 $	1986 $
Revenue	1.08bn	852.8m
Net profits	34.3m	24.8m
Net per share	0.42	0.31

SOUTHERN CALIF. EDISON
Utility

First quarter	1987 $	1986 $
Revenue	1.28bn	1.23bn
Op net profits	113.7m	198.8m
Op net per share	0.47	0.84

SOUTHWESTERN BELL
Telecommunications

First quarter	1987 $	1986 $
Revenue	1.88bn	1.92bn
Net profits	237.7m	246.1m
Net per share	2.37	2.47

TANDEM COMPUTERS
Computers

First quarter	1987 $	1986 $
Revenue	242.4m	176.3m
Net profits	22.4m	12.4m
Net per share	0.46	0.29

TANDY
Electronics retailer

Third quarter	1987 1986-87	1986 1985-86
Revenue	776.9m	693.4m
Net profits	50.4m	42m
Net per share	0.56	0.47

3M
Industrial and consumer products

First quarter	1987 $	1986 $
Revenue	2.21bn	2.07bn
Net profits	213m	181m
Net per share	1.86	1.58

TRANSAMERICA
Financial services

First quarter	1987 $	1986 $
Revenue	1.76bn	1.41bn
Net profits	108.2m	42.9m
Net per share	1.45	0.57

TRW
Defence, aerospace

First quarter	1987 $	1986 $
Revenue	1.69bn	1.49bn
Net profits	60.1m	61.9m
Net per share	1.86	2.07

UNION CAMP
Paper and paper products

First quarter	1987 $	1986 $
Revenue	587m	465m
Net profits	44.2m	22m
Net per share	0.90	0.45

UPJOHN
Drugs

First quarter	1987 $	1986 $
Revenue	597.4m	537.4m
Net profits	80.9m	63m
Net per share	0.43	0.34

US WEST
Telecommunications

First quarter	1987 $	1986 $
Revenue	2.04bn	2.03bn
Net profits	204.2m	179.9m
Net per share	1.08	0.94

WARNER COMMUNICATIONS
Entertainment, leisure

First quarter	1987 $	1986 $
Revenue	788.3m	668.8m
Net profits	65.8m	30.5m
Net per share	0.41	0.22

WEYERHAEUSER
Forest products

First quarter	1987 $	1986 $
Revenue	1.82bn	1.3bn
Net profits	101.9m	49.9m
Net per share	0.76	0.31

Sumitomo Realty heads $1.37bn issues flood

BY CLARE PEARSON

THE FLOODGATES opened in the Eurodollar equity warrants bond market yesterday as $1.37bn of new issues for Japanese companies emerged. These included the biggest offering in this sector, a $500m deal for Sumitomo Realty and Development.

The heavy volume of new issues was seen as a severe test of demand for these types of bonds. The continued rise in the Tokyo stock market has kept them generally popular this year. But lately investors have been increasingly selective, as the numbers of new issues competing for their attention has built up.

The strengthening of the yen against the dollar and the eruption of a US/Japanese trade dispute have put issues for export oriented companies out of fashion.

More generally, coupons on new issues—which tend to be uniform, almost regardless of differences between the issuers—have been pushed ever lower, while the US Treasury bond market has weakened. Dealers say that their current level of around 2 per cent is about as low as can be justified in current market conditions.

Sumitomo Realty yesterday breached the 2 per cent barrier with an indicated 1¾ per cent coupon on a deal led by Daiwa Europe. But the issue was buoyed up by enthusiasm for the property sector in Japan, and traded at or above its issue price.

Issues for less favoured companies met with resistance. These included Nikko Securities' $300m deal for Fujitsu, whose computer and semi-conductor business puts it in the firing line for US trade sanctions, and Yamaichi International Europe's $200m deal for Marubeni, the trading house. There is also a $100m Asian tranche led by Nikko Securities.

INTERNATIONAL BONDS

Daiwa Europe's $100m deal for Suzuki Motor appeared to fare worse. This was quoted on one broker's screen as low as 91 bid, against a par issue price. The lead manager was not quoting a bid price, but said it was offering the bond at par.

The other deals were a $100m offering led by Nomura International for Gunze, a textile manufacturer; a $150m bond for Toyo Soda led by Yamaichi International, and—by the same lead manager—a $20m bond for Chugoku Marine Paints.

All of these five-year par priced bonds carry indicated 2 per cent coupons, except for Chugoku's, which is indicated at 2¼ per cent. The coupon on Suzuki's bond is fixed.

Prices varied widely. One broker was quoting the deals at between five and nine points below issue price, although more common levels were at or slightly below total fees.

Two new Euroyen issues emerged. These were Y25bn deals for Morgan Guaranty Trust of New York, led by LTCB International, and for Morgan Stanley Group, led by IBJ International.

Dealers said that Morgan Stanley's six-year 4¼ per cent bond, priced at 101¼, was unlikely to inspire the market as it has only a single-A credit rating. The bond was quoted by the lead-manager bid at less the full fees, but lower elsewhere.

In the Eurodollar fixed rate market Nomura International announced a $100m five-year 8¼ per cent deal for NTN Toyo Bearing, priced at 101½.

Morgan Grenfell led a £35m 15-year convertible bond for Ultramar, the oil and gas producer. The bond had an indicated coupon of between 6 per cent and 6¼ per cent, and indicated 8 per cent to 10 per cent conversion premium. Final terms will be fixed on April 29. The bond incorporates put and call options.

Morgan Stanley led an A$50m five-year 14¼ per cent bond for Bank fur Gemeinwirtschaft Finance, priced at 101½.

Prices of D-Mark Eurobonds fell by between ⅛ to ¼ point

In Switzerland, prices were mainly unchanged. A SFr 250m equity linked issue for Mafina a subsidiary of Petrofina, closed its first day's trading at 100¼ against a par issue price.

World Bank unit backs Malaysia Fund

BY WONG SULONG IN KUALA LUMPUR

A US$60M Malaysia Fund is due to be launched on the New York Stock Exchange next month.

The International Finance Corporation, an affiliate of the World Bank, will underwrite half the fund, with the remainder underwritten by Merrill Lynch Capital Markets, Morgan Stanley, and Arab-Malaysian Merchant Bank.

It is expected that 80 per cent of the proceeds will be invested in shares of Malaysian companies on the Kuala Lumpur Stock Exchange and the rest in unlisted companies.

According to Sir William Ryrie, chief executive of the IFC, the Malaysian authorities have exempted the fund from Malaysian withholding tax

He said the fund could be of particular interest to US and Japanese investors, who have not given much attention to the Malaysian market in the past.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 21

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7⅞ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
A/S Eksportfinans 7¼ 92	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 7¼ 97	200	92	[illegible]	[illegible]	[illegible]	[illegible]
BP Capital 9⅛ 94	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Telecom 7⅞ 96	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Campbell Soup 10½ 95	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 9 96	1000	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 10¾ 93	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 7⅛ 91	113	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNCA 7¼ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chicorp 8¼ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 9 91	200	[illegible]	[illegible]	−2	[illegible]	[illegible]
Credit National 9⅛ 93	150	[illegible]	[illegible]	[illegible]	0	[illegible]
Credit National 7¼ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 7⅛ 92	500	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark Kingdom 8¼ 91	300	97	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 91	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 8¼ 96	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7¼ 93	250	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 7⅞ 93 A	100	95	[illegible]	[illegible]	0	[illegible]
EIB 7⅞ 93 B	100	[illegible]	[illegible]	[illegible]	0	[illegible]
Finland 7⅞ 97	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 7½ 93	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 10½ 91	150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ford Motor Cred. 11⅞ 90	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Cred. 10¾ 00	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 7⅞ 92	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hoesch 7¾ 94	300	[illegible]	[illegible]	[illegible]	−1	[illegible]
Hoesch 8¼ 97	100	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Liberty Mutual 8½ 96	150	[illegible]	[illegible]	0	0	[illegible]
LTCB of Japan 8 91	100	[illegible]	[illegible]	[illegible]	0	[illegible]
LTCB of Japan 8 97	200	[illegible]	[illegible]	−2	[illegible]	[illegible]
Mercedes-Benz Cred. 7½ 93	100	[illegible]	96	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Chugoku Electric 5 93	15	[illegible]	[illegible]	[illegible]	[illegible]	4.72
Denmark, Kingdom 5⅛ 92	130	[illegible]	[illegible]	[illegible]	[illegible]	4.64
EEC 4¾ 93	25	[illegible]	[illegible]	[illegible]	0	4.65
Elec. de France 5⅛ 94	70	[illegible]	[illegible]	[illegible]	[illegible]	4.67
Eurofima 5½ 93	20	[illegible]	[illegible]	0	[illegible]	4.76
Norway 4¾ 92	60	[illegible]	[illegible]	—	—	4.38
Sweden, Kingdom 5¾ 95	20	[illegible]	[illegible]	[illegible]	[illegible]	4.65

Average price change on day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	13.91
Bergen Bank 15 90 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	14.09
BHF Bank 14⅞ 92 A$	40	102	103	[illegible]	[illegible]	13.62
DG Finance 14⅞ 92 A$	50	[illegible]	[illegible]	—	—	13.51
Deutsche Bk. 14¼ 92 A$	100	[illegible]	[illegible]	0	[illegible]	13.10
Eurofima 14⅞ 90 A$	62	[illegible]	101½	0	[illegible]	13.92
Montedison F. 15½ 90 A$	50	[illegible]	[illegible]	[illegible]	[illegible]	14.65
World Bank 14⅛ 92 A$	100	[illegible]	[illegible]	[illegible]	[illegible]	13.04
Canadian Pac. 10⅞ 90 C$	75	[illegible]	[illegible]	0	[illegible]	9.49
Chrysler Corpn. 10 91 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	9.21
Genstar Fin. 11¾ 95 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	10.13
GMAC 9¼ 92 C$	75	[illegible]	[illegible]	0	[illegible]	8.77
Royal Trustco 10⅞ 90 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	9.91
Sears Acc. 10½ 92 C$	75	[illegible]	[illegible]	[illegible]	[illegible]	9.59
Coca-Cola F. C. 17 90 NZ$	75	101	[illegible]	[illegible]	[illegible]	16.31
Denmark 17½ 89 NZ$	50	[illegible]	102	0	0	16.22
Unilever Cap. 17½ 89 NZ$	50	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Copenhagen City 9 95 Ecu	40	[illegible]	[illegible]	[illegible]	[illegible]	8.65
EIB 7¾ 91 Ecu	100	[illegible]	[illegible]	[illegible]	0	7.26
EIB 8¾ 93 Ecu	130	[illegible]	[illegible]	[illegible]	[illegible]	7.23
Walt Disney 8¾ 94 Ecu	62	[illegible]	[illegible]	[illegible]	[illegible]	7.82
Finland 6 91 Fl	[illegible]	[illegible]	100	0	0	6.65
Mort. Bk. Denmark 6 91 Fl	150	[illegible]	[illegible]	0	0	6.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Japanese institutions shun US Treasuries

By Carla Rapoport in Tokyo

THE CONTINUED strength of the yen appears to be causing Japanese institutional investors to continue cutting back on investment in US government bonds.

Last month, net purchases of US government bonds by the Japanese sank to an estimated $3bn, compared with $8bn in January and in February. Japanese investors have been major US debt buyers, accounting for between 40 and 60 per cent of US Treasury securities sold in each auction.

Many institutional investors now say that they could cut back purchases even more in the next auction, scheduled for the first week in May. This is due to the faster recent pace in the yen's appreciation against the dollar and rising interest rates in the US which have reduced the value of the bonds.

According to a survey of 20 leading investors by the Nihon Kezai Shimbun, Japan's financial daily, almost half of those questioned said they would reduce their purchases or had no plans to buy US securities in the next auction.

The trend is extremely worrisome to Japanese and US financial authorities, which fear that a concerted drop in Japanese purchases will prompt the prices of US long-term bonds to drop precipitously and further undermine the value of the dollar.

Confirming institutional intentions yesterday Tokio Marine and Fire Insurance, for example, said it had no plans at the moment to buy new or previously issued US bonds because of the exchange rate risk. Nippon Life Insurance, the biggest insurance company in Japan, said it would reduce buying because the yen may appreciate further.

Mitsui Trust and Banking said it would buy at previous levels, about $500m to $600m, assuming the yen-dollar rate stabilises at current levels. However, if the dollar sinks to Y130, it said it would pull out of the next auction.

These investors which are adopting a wait-and-see attitude point to the attractive spread in interest rates between Japanese bonds and US bonds, currently about 4.5 per cent.

Tokyo ends 'no return' rule on bonds

By Yoko Shibata in Tokyo

THE JAPANESE Ministry of Finance has formulated new rules on private placements of corporate bonds based on a recent agreement reached between the banking and securities industries.

The accord ends the so-called "no return rule," thus opening the way for private placements by companies which are already authorised to issue debt for public offerings.

Companies qualified to make public bond issues will now be able instead to issue bonds for private placement up to the maximum amount of their debt issues in the past three years. However, as domestic debt issues for public subscription have been slow in recent years, these companies will also be allowed to issue debts of up to Y10bn for two years as a tentative measure.

Those companies which are allowed to issue bonds only for private placement will be able to make offerings of up to Y10bn, up from the present limit of Y2bn. If private debt issues increase substantially, the measure will be revised in a year's time. Each company will be able to carry out up to six debt issues a year.

From next January securities houses and life insurance companies will be allowed to arrange private placements, which are currently the preserve of banks.

BHP to gain listing in New York

By Our Financial Staff

BROKEN HILL Proprietary (BHP), Australia's largest company, is to gain a New York Stock Exchange listing through an issue of American depositary receipts (ADRs) representing slightly over 1 per cent of its expanded equity.

Morgan Stanley will manage the offer of 3.75m ADRs, each representing four shares in BHP. Pricing has not yet been set, but based on yesterday's closing market level in Sydney of A$11.50, down 60 cents, the issue carries a value of some A$172.5m (US$123.3m).

BHP, an energy and metals group, currently has its shares listed in London and on Australian exchanges.

Stephen Fidler on UK groups' problems in offering equity abroad

Shareholders stand by their rights

DIFFICULTIES FACED by two British companies in their attempts to offer new shares abroad have dealt a blow to hopes that the transition of London to a fully internationalised share market would be a smooth one.

Big UK shareholding institutions have signalled that they will fight doggedly any large-scale assault on the principle of pre-emption—the rights of existing shareholders to first refusal of new shares on offer.

The campaign has already claimed one victim: the £110m foreign share placing planned by Fisons, the pharmaceutical and scientific equipment group. C. H. Beazer, the building group, also has scaled down the size of its planned £80m issue of American Depositary Receipts in the US to answer shareholder opposition.

The UK is the only country to guarantee pre-emption rights by law. Only the shareholders can waive these rights. In the case of offerings below 5 per cent, this can be done at annual meetings. Larger offerings require special permission.

Beazer has scaled down its offering to the 5 per cent ceiling to obviate the necessity for a special meeting.

The arguments centre on the question of dilution. The institutions in favour of universal pre-emption, and this is by no means all major institutions, argue that if the share price of a company is going to be depressed by an issue of new shares, existing shareholders should have the right to them.

Opponents say that these institutions are arguing in this way for two reasons: they want access to cheap stock, which they gain since most issues are offered at substantial discounts, and they want to preserve the 1¼ to 4 per cent sub-underwriting fee, which is customary on rights issue.

They also argue that issuing new shares abroad can unlock pockets of investor demand which, unlike a rights issue, need not result in a depressed share price.

While supporting the general principle of pre-emption, some institutions believe it is wrong to make a blanket condemnation of all such issues. Shareholders buy into the management of a company, and if the company's finance director believes he can cut his capital costs or achieve other strategic objectives in issuing shares abroad, then he should be allowed to do so.

County, the merchant banking arm of NatWest, understook the Fisons issue on a best-efforts basis to try to get around the problem of substantial flowbacks to the London market. It did not put together an underwriting group, on the basis that this often leaves shares in the hands of those who have no wish to hold them for a long time.

By the time the issue was called off, substantially most of it was said to have been placed by County.

While making no public pronouncements, County and Fisons are certainly aggrieved at the course of events, and there is a great deal of sympathy for them over it. They apparently were under the impression that the issue would not meet shareholder opposition, and clearly there was as one institutional investor put it "a breakdown of communication somewhere along the line."

EURO-EQUITY ISSUE VOLUME		$m	No of issues
1986 Qtr	1	962.9	12
	2	1,204.5	33
	3	4,418.9	33
	4	3,214.2	41
1987	1	4,104.8	42

Source: Euromoney Bondware

The problem was heightened by the opposition understood to have come from certain key shareholders, led by Prudential Assurance, which were opposed to any new share issue at all. "For them, pre-emption rights start at 100 per cent, not 95 per cent," said a manager at another institution.

The whole episode has an unseemly air to some, and institutions and investment banks alike have been calling for further discussions on the matter. Mr Roger Morris, Chief Investment Officer of Morgan Grenfell Investment Management, said: "The City must sort itself out on this issue."

Some see a danger that the institutions may be attempting to uphold an anachronism, in share markets transformed already by the Big Bang reforms of last October and the entrance of foreign securities houses into the London markets.

For one thing, it is likely to be a blow to British investment banks. If they have no home base from which to build, they might be excluded from the growth in international share markets. London firms can offer international share placings as a service to foreign companies, so British companies risk being unable to gain from the advantages that internationalisation of equity markets brings.

Mr Morris is among those who believe "the days of pre-emption rights are numbered." While a setback to London as an international marketplace for shares, it is only a temporary one. In the meantime, no companies will risk running the gauntlet until the problem is sorted out.

But the noises coming out of the investor protection committees of bodies such as the National Association of Pension Funds and the British Insurance Association do not suggest that the institutions will give up on the issue.

"We are not convinced that the objective of finding foreign shareholders is necessarily a worthy one. If foreign shareholders want to buy a UK company, they will seek its shares in the London market," said Mr John McLachlan, chairman of the NAPF Investment Committee.

The solution, suggested by some, might be to offer shares at the market price to existing shareholders with no discount and no underwriting commissions, and then, as now, placing those not taken up abroad.

S&P restores NatWest rating

BY DAVID LASCELLES, BANKING CORRESPONDENT

NATIONAL WESTMINSTER BANK, the UK's largest clearing bank, has been reinstated to triple A status by Standard & Poor's, the US credit rating agency. This makes it the only British bank with the highest S&P rating.

S&P said yesterday that the upgrading, which covers NatWest's long-term bonds, marked the clearer's recovery from the early 1980s when UK tax changes, bad debts and falling interest rates damaged its performance and forced a downgrading.

In particular, NatWest had managed to replenish its capital reserves which were depleted by £600m because of tax changes on leasing introduced in the 1984 Budget.

NatWest had also greatly improved its capital position and adjusted its balance sheet management to minimise the effect of interest rate changes, S&P said. In addition, the bank had only a modest level of exposure to Latin American countries facing payments difficulties compared both to other UK banks and to US banks.

Mr John Burns, NatWest's head of financial control, said last night that the new rating would aid the bank's marketing effort, particularly abroad, where agency ratings were a widely used guide. It would have no immediate effect on the bank's cost of funds because it already obtains fine rates. But it would help in the future if some banking crisis triggered a flight to quality, he said.

The upgrading puts NatWest in the tiny group of top-rated banks around the world. S&P said yesterday that it has 14 banks on its triple A list, many of which are government owned. The private sector banks include J. P. Morgan, Deutsche Bank, the big three Swiss banks and Industrial Bank of Japan.

Agreed offer for NZ press group

INDEPENDENT Newspapers (INL) of New Zealand is to buy a 50.14 per cent stake in Christchurch Press, publisher of a morning daily, Reuter reports from Wellington.

The vendor is Pyne Gould Guinness, an unlisted rural servicing company. INL paid NZ$10 a share and said it would make a full bid at the same price in an offer which values Christchurch Press at NZ$115.6m (US$67.1m).

Mr Rupert Murdoch's News Ltd owns just under 40 per cent of INL.

Christchurch Press directors are forecasting net profits

INTERNATIONAL COMPANIES and FINANCE

David Dodwell on efforts to change the cowboy image of Hong Kong's stock market

HK stirred by proposal on insider trading

MR RAY ASTIN, Hong Kong's Commissioner for Securities, has stirred a hornet's nest this month by calling for insider trading on the territory's stock market to be made a criminal offence.

Controversy has erupted in part because the practice of insider trading is widespread in an incestuous financial community where a comparatively small number of companies dominate share price movements, and where overlapping directorships are extensive. Far from being frowned on, it has invariably in the past been lent a blind eye, and is even openly advocated by some as enhancing the efficient operation of the stock market.

Aggravating the controversy is the fact that Mr Astin has decided to break ranks with fellow members of the Committee on Company Law Reform, the government-appointed body asked to look into the issue, which at present appears to be veering away from the proposal to criminalise such dealings.

The issue is one of a number being considered at present by the territory's regulators as they try to erase the cowboy image of Hong Kong's stock market, and legitimise claims to be a leading financial centre.

Plans are afoot to enforce stricter company disclosure rules, and to force company officials and substantial shareholders to disclose their shareholdings, and to report the purchase or sale of shares.

In addition, an investigation has been launched into the issue of two-tier company share structures following the recent attempt by Jardine Matheson, Hong Kong's oldest trading company, to create B shares that would have voting rights equal to A shares, but carry a much lower par value. The aim of the issue was to protect Jardine from predatory interest as it entered a period of expansion.

The investigation came on the heels of a stock exchange veto on such issues — a swift response to an outcry among Hong Kong's increasingly powerful international institutional investors that saw share prices tumbling in the two-day period following the Jardine announcement.

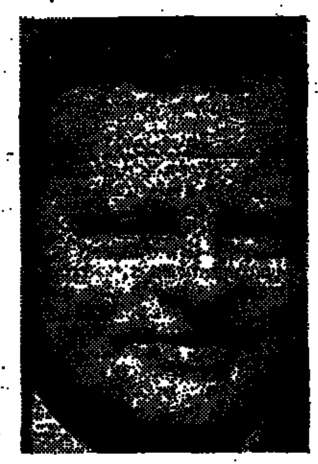
Inquiries are also underway into the use of shell companies to gain "back door" quotations on the local stock market, and into the creation of a second-tier stock market that would enable Hong Kong's smaller manufacturers to tap public funds.

Mr Astin was insistent that criminalisation of insider trading was "absolutely necessary" as part of an attack on the practice: "If Hong Kong is to keep in step with the rest of the world, and continue to be recognised as one of the leading financial centres, it must make insider trading a criminal offence," he said. Criminalisation would go hand in hand with stricter disclosure of share trading, and greater powers of surveillance and investigation for the regulatory authorities.

Mr Peter Pearson, another member of the Committee on Company Law Reform and the Hong Kong-based head of Fidelity, a fund management group with US$85bn under its control, backed Mr Astin strongly: "If the government stopped short with censure and financial penalties, then insider traders would just regard the penalty as part of the overall gamble."

He felt that only the threat of imprisonment would act as an effective deterrent, at the same time acknowledging a number of problems existed in drafting effective laws. A major stumbling block—and an important factor behind the wavering support of the Company Law Reform committee for criminalisation—is a defendant's right in law to silence.

The existing insider dealing tribunal—which has been convened twice, and last year found Mr Li Ka-shing, Hong Kong's most powerful corporate figure, guilty of "culpable insider trading" after a year-long inquiry—can only censure a person found guilty of insider trading, but it has powers of investigation that are greater than those of normal courts. These include the power to override a defendant's right to silence.



Mr Ray Astin, Hong Kong's Commissioner for Securities — criminalisation of insider trading "absolutely necessary"

Alongside insider trading laws are likely to be powers to force company executives to disclose any dealings they have in their own company's shares. This is widespread practice at present, with Mr Ronald Li, head of the stock exchange, defending it as a means of ensuring trade in a number of stocks that might otherwise be moribund.

The seriously presented argument is that a company with only 25 per cent of its shares in public hands (and there are many in Hong Kong) often attracts very little trading interest, with volatile share price movements the inevitable consequence of such thin trading. Company directors are portrayed by Mr Li in the role of a central bank stabilising the value of a currency.

"This is of course nonsense in most cases," commented one leading fund manager. "In practice, you see them selling before bad results, and buying after."

Mr Astin also has cynical views about the attitudes many company executives have towards their "public" companies. "Far too many directors regard their companies as private playthings in the public domain, with scant regard for shareholders' rights over what is effectively their property," he says.

Many Hong Kong businessmen, including some of the territory's richest and most powerful, insist that, as they promote their own self-interest — as measured by a shareholding in the company they control that can amount to 75 per cent — then outside investors' interests are automatically served.

"It is nonsense to claim that a chairman's interests coincide with those of a public shareholder," said a senior executive in a Western stockbroking firm. "But the myth persists, and underpins strong resistance to more comprehensive disclosure — both of balance sheet information and of directors' share dealings."

Most stockbrokers and fund managers share a similar scepticism about proposals for a second-tier stock market. Reform, if any, should be in the direction of graduating the minority of companies that are more genuinely public on to a first-tier exchange, they say. They regard with alarm the suggestion that companies could seek public funding on an exchange where even less corporate disclosure is required than now.

The controversy over B shares developed once it quickly became clear to companies keen to copy Jardine's move that by issuing low-value B shares, and placing their A shares on the market, they could retain control of their companies while at the same time releasing considerable private fortunes.

At a time when there is constant suspicion that local businessmen who lack confidence in the future of Hong Kong once China regains sovereignty in 1997 are getting their cash out of the territory, the rsuh to jump on the Jardine bandwagon spoke volumes.

Over the coming three months, Government proposals on all of these controversial issues are likely to be thrown into the public arena for debate. Those who insist Hong Kong must grow out of its cowboy image will be pitched against those who abhor official interference in an economic machine that has in the past been remarkably effective in generating wealth in all corners of the territory.

Sir John Bremridge, who retired last year as Hong Kong's Financial Secretary, used to talk often of the government dilemma in drawing a line between the "swamp of crocodiles" of the wholly free market, and the "Swedish dairy" of a centrally controlled economy. As debate rages over the months ahead, it is almost certain that Hong Kong will find itself shifting irresistably closer to the "Swedish dairy."

This will no doubt anger those who have made fortunes roaming the rather swampy Hong Kong market of the past, but it appears to be the inevitable price of greater maturity, and international respectability.

Honda Motor group profits down 43%

By Yoko Shibata in Tokyo

HONDA MOTOR of Japan and its consolidated operations world-wide suffered a 42.9 per cent fall in net profits to Y83.69bn ($585.4m) in the year to February, on sales down 1.4 per cent to Y2,868.3bn.

The group also announced yesterday that Mr Satoshi Okubo, aged 56, is to become its chairman, succeeding Mr Noboru Okamura who will become a consultant to Honda.

Honda also said it would invite Mr Yoshio Okawara, a former Ambassador to the US and now an adviser to the Foreign Ministry, to join its board as a part-time member.

In the latest year, net income per American or European share amounted to Y855 compared with Y1,491. The consolidated results reflected parent company pre-tax profits of Y85.6bn, up 9 per cent, with net profits of Y42.28bn, down 7 per cent, on sales of Y2,334.6bn, ahead by 3 per cent from the previous year.

The parent's annual dividend is maintained at Y12 per share, including an interim dividend of Y6.

The company is to change its year-end from February to March. Unconsolidated earning projections for the current seven months to September show pre-tax profits of Y34bn and net profits of Y16bn on turnover of Y1,400bn. Honda plans to pay a dividend of Y7 per share for the period.

For the following half-year to March 1988 Honda expects pre-tax profits of Y36bn, net profits of Y17bn and sales of Y1,230bn with a dividend set at Y6 per share.

Concern grows over Korean shipbuilder

BY MAGGIE FORD IN SEOUL

CONCERN IS growing among foreign bankers in Seoul about the future of Korea Shipbuilding and Engineering (KSEC), which was placed in court receivership last week.

The banks have lent about $85m to the company, which is facing severe cash flow problems. Two Norwegian companies have delayed payments for six oil and ore bulk carriers worth $186m.

A total of 13 foreign banks are involved. Standard Chartered of the UK is understood to have about half the exposure. Citibank, Royal Bank of Canada, and Bank of Credit and Commerce International are believed to be other large lenders.

The banks have been assured by the Ministry of Trade and Industry that the company's problems are temporary and that the country cannot afford to do without its services. In a memorandum issued last week the government stated its full confidence in KSEC's long-term viability.

But the statement has failed to calm the bankers' worries, partly because of the way business has been done in South Korea in the past. Banks have made loans under the government's policy of promoting "Korea Inc" on the basis of assurances that obligations would be guaranteed.

Although this is not the first time a company with foreign debts has got into difficulties, the amounts owed and the number of foreign banks involved have previously been small. Bankers are concerned that the South Korean authorities, now that the country has started to reduce its foreign debt of $45bn, will be less concerned about the goodwill of the foreign banks.

"We are sailing in unchartered waters," one foreign banker said. Another commented that South Korea had built the second largest shipbuilding industry in the world with the backing of foreign banks and it would be unreasonable if they had been misled about the government's good faith.

Local regulation leave the foreign banks with little legal protection against a company's bankruptcy. They are not allowed to take physical collateral and most Korean companies are so highly geared that under normal commercial criteria no bank would lend to them.

COMMERCIAL LAW REPORTS

Digest of cases reported in Hilary Term

FROM JANUARY 13 TO FEBRUARY 11, 1987

Ellis v BP Northern Ireland Refinery Ltd; Ellis v BP Tyne Tanker Co Ltd (FT January 13)

In the present appeal, the Inspector of Taxes argued that the capital allowances, to which a company is entitled under section 56 of the Finance Act 1965, were to be credited automatically whether the company wanted them or not. Rejecting this contention the Court of Appeal stated that capital allowances were not compulsorily deductible against profits for corporation tax purposes. The statutory language referred to "allowances" which carried the connotation that what was allowed should first be claimed. If the draftsman of the 1968 Act had intended that the allowances were to be deducted willy-nilly, he would have used clear and explicit language to that effect.

★

Mitsubishi v Fiat (FT January 14)

The Fiat motor group opposed Mitsubishi's application to register the word "Lancer" as a trade mark for a motor car range in order to protect its own mark "Lancia." The assistant registrar and the judge at first instance dismissed the opposition on the grounds that there was no likelihood of the requisite risk of deception or confusion to justify refusal under section 11 of the Trade Marks Act 1938. In upholding their decision on what was *essentially a question* of fact, the Court of Appeal stated that the question of confusion could not be adequately considered for trade mark purposes save in relation to the market. A car was an expensive piece of equipment—not to be equated with a purchase over a shop counter—so that the practical risks of confusion seemed very slight indeed.

★

Co-operative Centrale Raiffeisen-Boerenleen-Bank BA v The Sumitomo Bank Ltd (FT January 16)

The plaintiff bank was the beneficiary of a *letter of credit*. It notified the sellers of discrepancies in the documents and then forwarded them to the defendants which acted as the confirming bank. In finding for the plaintiff bank that it was entitled to the interest on the delay in payment, Mr Justice Gatehouse stated that once reasonable time had passed for consideration of the discrepant documents, the issuing bank, after consulting its customer, was obliged to choose whether to accept or to reject. It did neither. Where discrepant documents were in the end accepted, the discrepancies were waived and position was just as if there had been no discrepancies in the first place.

★

Charm Maritime Inc. v Kyriakou and another (FT January 20)

In a dispute arising out of a transfer of shares which the defendants purportedly held in a trust governed by English law *for Charm*, a *Greek* court dismissed Charm's claims on purely procedural grounds. In Charm's English proceedings, the defendants sought a stay on the ground of cause of action estoppel. In upholding the decision of the judge of first instance refusing a stay, the Court of Appeal stated that there could no cause of *action estoppel unless the former* judgment was a final judgment so that the merits of the case were finally disposed *of and the matter could not* be raised again in the foreign country. However the evidence before the court did not establish that *Charm was no longer* free to litigate its claim to the shares in Greece.

★

Ketteman and others v Hansel Properties Ltd and others (FT January 23)

In a dispute between house-owners and their builders concerning latent damage to their properties, two procedural points arose; first, the house-owners joined the architects as defendants and the question at issue was whether the joinder "related back" to the original writ; *second*, the architects wished to amend their defence at a late stage to plead that the action against them was time-barred. The House of Lords stated that the architects were not validly joined as defendants until they lodged their defences so that there could be no relation back. Second, in exercising the court's discretion with regard to the amendment, the judge at first instance had wrongly allowed the architects to plead the limitation defence when its effect would be to render the paintiffs' entire claim statute-barred.

★

In Re The International Tin Council (Ft January 27).

The ITC, which was set up *by a number of countries under* the International Tin Agreement, was left owing creditors several hundred of millions of pounds after the collapse of the price of tin on the world market in 1985. One of the creditors, Amalgamated Metal Trading, applied to court to have the ITC wound up under section 655 of the Companies Act 1985. In striking out the petition, Mr Justice Millett stated that if sovereign states chose to carry on a collective enterprise through the medium of an international organisation, one member state could not assume the management of *the enterprise* by executive, legislative or judicial action and subject it to its own domestic law.

★

Naviera Mogor SA v. Societe Metallurgique de Normandie (FT January 28)

In the instant case, the charterers themselves manufactured and supplied the cargo *and were therefore under* a contractual duty to present bills of lading which accurately described the condition of the goods. However they wrongly described the cargo as in good order and the master instead of refusing to sign the bills, negligently accepted them. In upholding an arbitrators' decision in the charterers' favour that they were not liable to the owners for the subsequent loss, Mr Justice Staughton stated that the intervening negligence of the master had broken the chain of causation even though he had signed the inaccurate bills in good faith and the charterers had been in breach of contract by presenting them.

★

Fraser, Stephen Bird and others v Inland Revenue Commissioners; Breams Nominees Ltd and another v Inland Revenue Commissioners (FT February 3)

The taxpayers were assessed under *section 460 (3)* of the Income and Corporation Taxes Act 1970 which allows the Inland Revenue to issue an assessment in order to counteract any tax advantage obtained as a result of an abnormal dividend. The assessment was reduced at first instance but, on the Revenue's appeal to the Court of Appeal, it was held that the nature and value of the receipt by the taxpayer fell to be judged as at the date of receipt. Although, in the instant case, there was one overall scheme with a number of constituent parts all directed to a single objective, the payment *of abnormal dividend* was sufficiently casually connected with the earlier transaction in the same scheme to justify holding *that the earlier transaction* was one "whereby" the abnormal dividend was received.

★

The Derbyshire (FT January 30)

The personal representatives *of Mr Leo Coltman, who was* drowned at sea when the Derbyshire broke in half, sought to claim against the shipowners under the Employer's Liability (Defective Equipment) Act 1969. The Act makes the employers liable in negligence for the supply of faulty "equipment" whether or not the defect is attributable to the fault of a third party. In allowing the shipowners' appeal against a first instance decision that a ship was "equipment" *for the purposes of the Act, the* Court of Appeal (by a majority) stated that equipment denoted something ancillary to something else. A workplace was not equipment within the meaning of the Act.

★

Atkins International v Islamic Republic of Iran Shipping Lines (FT February 4)

By a Gencom charterparty, the charterers undertook to nominate a safe berth in Bandar Khomeini at the head of the Gulf. On a convoy to the port, the ship was hit by a missile and severely damaged. The *owners contended* that the safe berth warranty was as extensive and perhaps more extensive than an express or implied safe port warranty. In upholding the arbitrators' decision, upheld in turn at first instance, the Court of Appeal stated that the only express provision in the present case was that when the order was given to proceed to a particular berth, that berth was prospectively safe. There was no warranty or promise as to the safety of the approach voyage to any nominated port.

★

Archital Luxfer v A. J. Dunning & Son (Weyhill) Ltd (FT February 6)

In summary judgment proceedings, in which the subcontractor Archital claimed in respect of moneys certified by the architects to be due to it from Dunning, Dunning claimed it was entitled to set off a greater amount as a result of Archital's delay. In dismissing Archital's appeal against an order granting it £1,154 while the balance of £26,516 was withheld pending arbitration, the Court of Appeal held that *Dunning's defence* was arguable on a mixed question of law and fact, so it was pre-eminently a matter for an arbitrator with some *special* expertise, rather than for the court, to decide.

★

Barclays Bank plc v Willowbrook International Ltd and others (FT Februray 10)

Barclays Bank won its appeal to the Court of Appeal that it was entitled to a debt, assigned to it by the first defendant, "International," under a debenture executed by a group of companies controlled by Mr Hughes. Under the debenture each company, including International, charged to the bank all debts due to it from any of the other companies. By a series of transactions, Mr Hughes purported to redeem mortgages owed by two farm companies *in the group to* International, with money received from another of his companies, the "Ghana" company. Lord Justice *Dillon upheld the* bank's contention that the farm companies paid the wrong person, International, their original creditor, whereas they should have paid Barclays as assignee of the debt originally due from them to International.

★

Smith and others v Croft and others (FT. February 11)

The plaintiffs, who were minority shareholders, alleged excessive remuneration and expenses for the directors, ultra vires payments, and unlawful financial assistance by the company for the purpose of reducing its debts (in contravention of the Companies Act 1981, section 42). The affairs of the company had already been investigated by independent auditors who had rejected criticisms of fraud. In striking out the petition, Mr Justice Knox stated that although there was a prima facie case of infringement of section 42, he would *not depart from the general* rule that only a corporation was entitled to sue in respect of a wrong done to it except where the wrongdoers themselves were in control of the company.

By Aviva Golden

This digest will be continued on Friday and will be concluded next Tuesday.

REPUBLIC OF ICELAND £2,000,000
8½ PER CENT STERLING LOAN 1983/92

HAMBROS BANK LIMITED hereby give notice that in accordance with the terms and conditions of the above loan, the redemption for 1st June 1987 has been effected by the purchase of £24,300 (nominal) and the drawing of the undermentioned bonds amounting to £75,700 (nominal) for redemption at 100½ per cent. The outstanding balance after the 1st June 1987 redemption will be £500,000 nominal.

Drawn Bonds may be presented to Hambros Bank Limited, Stock Counter, 41 Bishopsgate, London EC2P 2AA, or to the other Paying Agent named on the Bonds.

Bonds surrendered should have attached all unmatured coupons appertaining thereto. Coupon due 1st June 1987 should be detached and collected in the usual manner.

For payment in London, Bonds will be received on any business day and must be left three clear days for examination.

Bonds of £1,000

11070	11078	11091	11094	[illegible]	[illegible]	11108	11120	11132	11134	11135	11153	11154	11159	11171
11236	11283	11350	11404											

Bonds of £500

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10215
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10674

Bonds of £100

[illegible]	[illegible]

HAMBROS BANK LIMITED
22nd April, 1987

Bumper year for TV-am as profits surge to £8.7m

BY ALICE RAWSTHORN

TV-am, the breakfast television station which joined the USM last summer, yesterday announced an 80 per cent surge in pre-tax profits to £8.7m after a year of growth in both audience and advertising revenue.

Advertising revenues rose rapidly throughout the independent television network in the last year or so, but TV-am fared better than the other stations, sporting growth of 44 per cent. This succeeded in boosting the company's turnover to £41.9m (£29.49m) in the year to January 31.

TV-am gleaned additional revenue from almost every category of advertising. During the year it developed a more eclectic revenue profile, compared with its early days when toy advertisements dominated the commercial breaks. Food and drink emerged as the largest advertising category providing 30 per cent of revenue, followed by toys with 20 per cent and leisure with 8 per cent.

In the course of the year the station's audience increased by 1.5m viewers to 14m a week. TV-am attributes the growth of its audience to the increased "newsiness" of its programming. It intends to invest further in news coverage this year by introducing religious affairs to Sunday programming; opening an office in the North East; investing in new technology; and refurbishing its studios.

The company is now in the throes of negotiating with its unions to extend broadcasting by 15 minutes a day. The service will begin at 6 am, rather than 6.15 am, creating an extra 1,000 minutes of advertising in a full year.

As a legacy from its early problems, TV-am pays a negligible tax charge and will continue to do so until 1988-89. Taxation deducted £150,000 (£46,000) during the year. The cost of its flotation is expressed as an extraordinary item of £345,000. Earnings per share rose to 26.2p (15.6p) and the board proposes to pay a final dividend of 4.35p.

The chairman, Mr Timothy Aitken, said that the current year "has started well" and that he anticipates "continued growth in both revenue and audiences."

● comment

The timing of TV-am's flotation could scarcely have been more propitious. The station sailed onto the second market hot on the heels of Thames' flotation, just in time to reap the rewards of the *rapid re-rating of television* stocks in the last six months or so. Thus TV-am's shareholders have watched the value of their investment almost treble from the offer price of 130p to 359p, up 6p yesterday. This surge in profits was *scarcely a surprise.* Indeed many observers suspect that it would have been higher, had TV-am not been constrained by the need to convince the IBA that it is committed to public service programming, rather than currying favour with City short termists. The pace of *growth will, inevitably,* be slower this year and the increase in airtime is rooted in the least lucrative part of the schedule. Nonetheless TV-am should boost profits to £10.5m and its prospective p/e to 14. The progress of the shares may *be less frenetic in the short* term, but investors can seek solace in the thought that the station's sudden interest in religious affairs should at least score brownie points from the IBA.

Timothy Aitken, chairman of TV-am

Maxwell sells his 4% stake in APV

Hollis Group — the vehicle *for publisher Mr Robert* Maxwell's expansion into engineering — has sold its 4 per cent stake in APV Baker, the engineering group which emerged from the successful £147m bid by APV Holdings for Baker Perkins last month.

At yesterday's closing price of 619p, the 4 per cent interest would be worth around £12m, although Hollis is believed to have placed its holding about a week ago when the price was slightly higher.

Mr Maxwell's privately-owned company, Pergamon Holdings, recently reduced its stake in Hollis from around 78 per cent to 64 per cent and, at the same time, sold 30m shares in British Printing and Communication Corporation, which together raised over £100m. A further £56m-plus is being raised by the sale by tender of Pergamon Media Trust's near-27 per cent stake in Extel, the business and sports information group.

The sale was confirmed by APV Baker yesterday, but the company said it was still trying to establish who the buyer — or buyers — of the shares might be.

At one stage during the bid, it looked as if Hollis might become a rival suitor for Baker Perkins, which had agreed the APV terms. However, although Hollis raised its holding in Baker to 10 per cent, it eventually accepted the APV offer.

The Hollis stake was subsequently diluted to around 4 per cent following the merger.

GEC on verge of selling Dorman to Broad Crown

BY NICK GARNETT

GEC is at an advanced state of negotiations for the sale of Dorman, one of its five diesel-engine businesses to Broad Crown, a Midlands generating set manufacturer.

Dorman employs 430 at sites in Stafford and Lincoln and makes engines mainly from 200 to 1,000 kws for use in power generation. It made a loss last year largely because of the weakness in the world generating-set market into which it sells.

Broad Crown, an independent privately-owned company based in Stone, Staffordshire, is a significant European producer of gen sets in the power range of 20 to 1,600kws. It employs 65 with 98 per cent of its shares held by three joint managing directors.

Mr Victor Yates, one of the three, said that Dorman would remain a separate free-standing company selling engines to other gen-set makers.

The diesel-engine industry showed surprise yesterday at Broad Crown's interest in Dorman. However, Mr Yates said that the Dorman business had firm *foundations and its* product line would be expanded. The company had a lot of potential and its loss making was only temporary.

The purchase of Dorman, which employed more than a thousand a *few years ago,* was not a sign that Broad Crown wanted to expand further into diesel-engine making, he said.

GEC's other diesel-engine manufacturing businesses are Paxman, Ruston and Glasgow-based Kelvin. It also has Baudouin in France.

GEC said yesterday that it looked at all its diesel-engine businesses separately. It believed that Dorman would strengthen its position if it was integrated with a gen-set producer.

The UK's diesel engine industry has been full of rumours of possible sales. Some companies have suggested that Hawker Siddeley, which sold its L. Gardner diesel company to Perkins last year, was interested in disposing of Lister-Petter which makes small *engines from 3 hp to 50 hp.*

The company has denied that, however. Hawker this month sanctioned £2m for production tooling at Lister-Petter for a new range of water-cooled engines due on the market in 1988.

Renaissance contributes to Munton refinancing

BY RALPH ATKINS

Renaissance Holdings, the industrial investment company which joined the main market in a placing worth £6m in March, is helping with a refinancing package for Munton Brothers, the Northern Ireland-based textile company.

Shares in Munton were suspended last week pending clarification of its financial position. The group makes Ben Sherman shirts and also supplies shirts to Marks and Spencer.

In the six months to December 1986, Munton incurred a loss of £373,000 on a turnover of £5.9m.

Discussions about a refinancing package are currently taking place with Barclays Bank, Barclays de Zoete Wedd, the Industrial Development Board for Northern Ireland, M & G Investment Management as well as Renaissance.

Mr Nicky Branch, chairman of Renaissance, said his company would contribute about £500,000 to a total of about £3m *in new funds. It would* also provide management expertise.

"It is Renaissance's first major project since the placing of our shares last month, and represents a classic Renaissance operation. Muntons has an excellent core business which can soon be sorted out with more *money* and a little help," said Mr Branch.

Details of the refinancing are expected to take about two months to complete. Mr Branch said this would be followed by a rights issue or another means of raising finance.

"We are going to seek a decent amount of money to get the company working again," he said.

CITYGROVE (USM-quoted *specialist property developer*): Mr David Woolf, the chairman, told the annual meeting that planning agreement had been achieved on the St James Retail Park Site, Northampton. Work on the site, which comprises 150,000 sq ft of non-food retail *and a leisure complex, is* expected to begin within the month.

Bowater expands builders merchants chain in south

BY RALPH ATKINS

Bowater Industries is expanding its network of builders merchants in the south with the acquisition of Hooper & Ashby, based in Southampton.

The purchase will be financed through the issue of 718,545 shares in Bowater, floating rate unsecured loan stock and cash. The price paid will be determined when the auditted accounts are available.

Shares in Bowater closed down 5p at 490p.

Hooper & Ashby, which will continue to trade under the same name at least in the short term, is a family-owned build-in southern counties. In 1986 ers' merchants with eight depots it had a turnover of £25m. Net assets amount to about £9m.

The acquisition will complement *Bowaters' subsidiary* Roberts Adlard, acquired in May 1986 for £12.5m. Roberts had depots in Kent, Surrey, Sussex and Hampshire.

Bowater moved into the builders' merchanting industry in 1978 when it acquired Cross*ley Building Products, based in* north east England.

The latest acquisition extends its portfolio in the south. "We are establishing a cohesive network covering the southern counties," said Mr Harold Usherwood, chief executive of Crossley Builders Merchants.

With the Hooper & Ashby acquisition Bowater will have 110 depots based between Aberdeen and Dover.

Norcros clarifies defence document

Norcros, the building materials and printing group fighting off a £600m bid from Williams Holdings, yesterday issued a statement clarifying its defence document, at the request of the Takeover Panel.

Graphs showing the underperformance of Williams' shares were dated from the days on which the offers for Fairey, Dupont and LMI were unconditional, and were based on weekly price movements.

Prices relate to the market price, as shown by Datastream, *rather than the discounted price* at which the shares were placed.

Polly Peck arranges sponsor for its ADRs

BY RALPH ATKINS

Polly Peck International, world-wide trading group, is making it easier for institutions in the US to buy its shares.

The group is arranging for dealing in its American Depository Receipts, frequently used by US institutions wishing to invest in UK company shares, to be sponsored. This will encourage the marketing of the ADR's in the US and increase the number of institutions able to buy them. The sponsoring facility will be provided by the Bank of New York.

Shares in Polly Peck closed up 5p at 234p.

Mr Mark Ellis, managing director, said the facility would make the group's shares more attractive and would be necessary if the group sought a full listing in the US.

"We are not seeking a listing at present but in terms of our future plans it is certainly one of the things we are looking at," he said.

The arrangement means the Bank of New York will notify possible investors of the service *being offered* and *give* Polly Peck information on institutional holdings.

"The immediate benefit will be that we are much more aware of what is happening with our ADRs," said Mr Ellis.

Rushlake lifts Wigfalls stake to 14.5%

Rushlake Holdings, the private company owned by the Jivraj family, has increased its stake in Wigfalls, the electrical retail and rental group, to 14.5 per cent. The group bought 120,000 shares through a subsidiary, Rushlake Investments Trading to bring its total holding to 755,000 shares.

Rushlake recently agreed to sell London Park Hotels, in which it had a 57 per cent stake, to Mount Charlotte Investments for £38m, although it retained one hotel at the Elephant and Castle and the Countrycare residential homes group. It also has a 17.35 per cent stake in Mitchell Cotts, the engineering, chemicals and trading group.

IN BRIEF

RONALD MARTIN GROOME has conditionally agreed to acquire Typex Business Machines for an initial £250,000 to be satisfied by the issue of new Groome ordinary. Further consideration up to an aggregate maximum of £1.8m may be payable, dependent upon the pre-tax profits of Typex for the years ending April 30 1988-90 inclusive.

LIBBEY-ST CLAIR, a *Canadian* glass company, has acquired Ravenhead, a British glass tableware manufacturer, for an undisclosed sum. Ravenhead was previously jointly owned by Guinness and Owens-Illinois, a US company which also owns a 50 per cent stake in Libbey-St Clair.

BET (international services) has received court approval for the cancellation of its preference and preferred shares. Capital repayment cheques and warrants for the final dividend payments will be dispatched to shareholders tomorrow.

CHRISTIAN SALVESEN is to expand its core food related business by conditionally acquiring Stowtime, of Buxton, from £1.43m, of which £593,750 will be cash and the balance ordinary shares of Salvesen.

NOTICE OF REDEMPTION

To the Holders of

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.

13½% Notes due May 15, 1990

Unconditionally Guaranteed as to Payment of Principal, Premium, if any, and Interest by Atlantic Richfield Company

NOTICE IS HEREBY GIVEN to the *holders of the outstanding 13½% Notes* due *May 15,* 1990 (the "Notes") of Atlantic Richfield Overseas Finance N.V. (the "Company") that, pursuant to the provisions of Section 6 of the Fiscal and Paying Agency Agreement dated as of May 15, 1982 among the Company, Atlantic Richfield Company (the "Guarantor"), and Morgan Guaranty Trust Company of New York (the "Fiscal Agent") and Paragraph 7 of the Terms and Conditions of Notes, the Company has elected to redeem on May 15, 1987 all of the outstanding Notes at a redemption price of 101.5% of the principal amount thereof plus accrued interest to the redemption date.

Payments will be made on and after May 15, 1987 upon presentation and surrender of Notes with *coupons due* May 15, 1988 and *subsequent attached* in U.S. dollars subject to applicable laws and regulations, either (a) at the corporate trust office of the Fiscal Agent in New York City, or (b) at the main offices of the Fiscal Agent in London, Brussels, Paris and Frankfurt am Main, the offices of Morgan Bank Nederland N.V. in Amsterdam, Swiss Bank Corporation in Basle, Switzerland and Banque Internationale à Luxembourg in Luxembourg. Payments at any agency outside the United States will be made by check drawn on a dollar account, or by transfer to a dollar account maintained by the payee, with a bank in the City of New York.

Coupons due May 15, 1987 should be detached and collected in the usual manner.

From and after May 15, 1987 the Notes will no longer be outstanding and interest thereon shall cease to accrue.

Any payment made within the United States or transferred to an account maintained by a non-U.S. payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8 certifying under penalties of perjury that the payee is not a United States person. Payments made within the United States to non-exempt U.S. payees are reportable to the IRS and those U.S. payees are required to provide to the paying agent an executed IRS Form W-9 certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a correct taxpayer identification number may also subject a U.S. payee to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

ATLANTIC RICHFIELD OVERSEAS FINANCE N.V.
By: MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, *Fiscal and Paying Agent*

Dated: April 15, 1987

Businesses For Sale

Legal Notices

NOTICE OF CREDITORS' MEETING
BOWTELL FINANCE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 48 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above named company will be held at the offices of CORK GULLY, ST JAMES'S HOUSE, CHARLOTTE STREET, MANCHESTER, M1 4DZ on FRIDAY 1 MAY 1987 at 11.00 am for the purposes of having laid before it the report prepared by the administrative receivers in accordance with the said section, and if thought fit, appointing a committee.

Creditors whose claims are wholly secured are not entitled to attend or vote at the meeting. Creditors who are partly secured may only vote in respect of the balance of the amount due to them after deducting the value of the security, as estimated by them. A creditor in respect of a debt due on, or secured by, a bill of exchange or promissory note must treat the liability of any person who is liable on the bill antecedently to the company as security held by him (unless that other person is subject to a bankruptcy order or in liquidation).

Creditors wishing to vote at the above meeting must lodge a written statement of their claims with us at the offices of CORK GULLY, ST JAMES'S HOUSE, CHARLOTTE STREET, MANCHESTER, M1 4DZ no later than 12 noon on Thursday 30 April 1987. A form of proxy is enclosed which, if intended to be used, must also be lodged with us by that time.

DATED this 15 day of APRIL 1987

R. E. C. COOK
Joint Administrative Receiver

Company Notices

Korea Exchange Bank

U.S. $30,000,000

Floating Rate Notes Due 1988

Agent Bank

Saudi International Bank
AL-BANK AL-SAUDI AL-ALAMI LIMITED

THE ROYAL BANK OF CANADA

US$350,000,000

Floating Rate Debentures due 2005

In accordance with the terms and conditions of the debentures, the interest rate for the period April 21st, 1987 to May 21st, 1987 has been fixed at 6⅞ per cent per annum. On May 21st, interest of US$5.729166 per US$1,000 nominal amount of the debentures will be due for payment. The rate of interest for the period commencing May 21st, 1987 will be determined on May 19th, 1987.

ORION ROYAL BANK LIMITED
Agent Bank and Principal Paying Agent

UK COMPANY NEWS

London United improves by 68% to £15.8m

BY NICK BUNKER

London United Investments, the specialist insurance group, beat market expectations by about £1m yesterday and reported 1986 per-tax profits up 68 per cent at £15.8m.

More than 60 per cent of London United's premium and commission income arises from insurance business in the US, where it specialises in casualty risks which have seen big premium rate increases since mid-1984. The shares closed down 2p at 654p last night.

Group turnover in 1986 was £105m (£69m).

Total operating profits rose from £10.8m in 1985 to £18.6m last year, of which about 75 per cent came from H. S. Weavers, the group's London market non-marine underwriting agent and broker.

Group overheads increased from £1.4m to £2.4m. But Oland, a US excess and surplus lines insurance broker, in which it has a 30 per cent stake.

Group profits after tax, minorities and extraordinary items were £9.7m (£5.5m). Earnings per share rose 46 per cent to 52.03p.

A final dividend up 3.5p at 13.5p per share, makes a total for the year of 20p. That is 33 per cent up on the 1985 figure, and comfortably ahead of London United's own forecast of 17.25p.

● comment

Though it may now write more US non-marine insurance business than the whole of Lloyd's, London United believes it has little to fear from present sings of rate-cutting in local markets in North America. Heavily reinsured, it has also stuck to the riskiest end of the US market — casualty business, such as professional indemnity, where premiums are still rising. H. S. Weaver remains the main money-maker, but Walbrook Insurance, the group's underwriting subsidiary (which in 1986 took about half of the Weaver's stamp) more than broke even last year. Its £3m contribution to total operating profits is more than made up for however by investment income on the proceeds of last July's £23.4m rights issue. For the future, Oland, the new US associate should start feeding through to earnings later this year. So should the recently announced joint venture with CalFed, the US thrift institution, to create a new UK insurance company — Anglo-American — capitalised at £50m. It has hopes of winning back to the traditional insurance market the kind of excess liability business lost to policy holder-owned companies like X. L., March & McLennan's Bermudian offspring. Extra capacity of £33m added in 1986 (even before allowing for the Anglo-American venture) helps justify a 1987 pre-tax profit forecast of £26m, with a prospective p/e of les than eight — still low for the sector.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
EIS Group	5.5	July 9	4.9	7.5	6.75
London United Invt†	13.5	—	10	20	15
Laurence Gould‡	2.3	—	2.2	3.8	3.6
TV-AM‡	4.35	June 5	—	5.35	—

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Rockwood shares up as dealing is resumed

By Graham Deller

Following shareholders' approval of the proposed re-organisation, dealings in Rockwood Holdings resumed yesterday in the wake of the company's reintroduction to the USM and quickly touched 120p compared with the suspension price of 108p.

Stock Exchange transactions were temporarily suspended on March 24 ahead of the acquisition of Bond's Delivery Services from Hanson Trust subsidiary Imperial Group in a £3.75m deal. Rockwood changed its name from HB Electronics last July to reflect the broadening of its activities away from the original electronic component distribution business. Having made an £800,000 rights issue in August, Rockwood later acquired security consultants Defence Systems Holdings for £2.18m.

Mr Tom Forrest, chairman, said earlier this year that the proposed purchase of Bond would enable further progress to be made towards the company's declared objectives of expanding in distribution as well as financial and security services.

Bond, based in Bristol, specialises in the distribution of tobacco, wines and spirits. and business emanating from former parent Imperial, which accounts for well over half of current turnover, is guaranteed for at least two years.

ILG buys Hourmont

International Leisure Group, package holiday, arline and hotel operator facing a £150m buy-out by a management consortium headed by Mr Harry Goodman, chairman, has announced the acquisition of Hourmont, Bristol-based tour operator.

The price of £2m cash could be doubled depending on trading performance.

Hourmont carries about 100,000 people per year, 70 per cent of which head for ski-ing destinations. The majority of the company's business is directed towards the schools market.

ILG said yesterday that negotiations had been in progress for more than two months and were completed on Good Friday. It had no material effect on the management buy-out.

Suter increases Newman stake

Suter, the engineering and distribution group, has increased its stake in Newman Industries to 11.2 per cent.

Mr David Abell, chairman, said Suter increased its holding from 8.34 per cent after Newman announced the disposal of its motor interests last week.

Aitken Hume stake

Fiduciary Management Services, a private investment company, has increased its stake in Aitken Hume International, financial services group, to 2.55m shares, 5.57 per cent.

Two overseas groups, the Lee Ming Tee group and Rawda Investments, each own 24.5 per cent of Aitken and have representation on the board. Fiduciary is not connected with either.

Securigard stake

Mr Robin Pritchard, a non-executive director of Securigard, USM-quoted cleaning and security group, has disposed of 226,000 ordinary shares in the company at 185p a share. The stake represents 3.26 per cnet of Securigard's issued equity.

UK COMPANY NEWS

EIS profits up 27% to £7m

EIS Group, the engineering conglomerate, has produced a 27 per cent rise to £7m (£5.52m) in pre-tax profits for 1986, against 12 per cent, from £70.94m to £79.54m, in sales.

Two main contributors to the 16th successive year of profits advance were the Flexibox division, which raised sales from £20m to £23m and profits from £1.6m to £2.4m, and a sharp increase in net interest receivable, from £272,000 to £617,000, reflecting the large amount of cash (£12m) that the group has on deposit.

The process plant and machinery division increased sales from £26m to £28m with a £300,000 improvement in profits, while aircraft engineering and hydraulic and precision engineering activities produced a £3m gain to £28m in sales, but merely maintained profits at £2m.

Capital expenditure rose to a record of £3.5m during 1986 and a further £2m was paid out on earlier acquisition and on loan repayments.

Mr Brian Walters, the chairman, said all three divisions had good order books, and the enquiry rate was running at a high level.

At the end of the first quarter, group profits were ahead of those at the same time last year and, he added, although 1987 may turn out to be an election year with all the uncertainties that might arise, "we are aiming for another year of progress."

Mr Walters continued that the search for worthwhile acquisitions continued, but the directors saw no merit in spending shareholders' funds on an acquisition at too high a cost to yield a proper return.

Gross profits last year were £16.65m (£15.04m) after a rise from £55.9m to £62.88m in cost of sales. Other costs amounted to £10.85m (£10.25m), while the share of profits of related companies added £589,000 (£450,000), leaving operating profits of £6.39m (£5.24m).

Tax took £2.55m (£1.9m) leaving net attributable profits of £4.46m (£3.62m). The dividend, increased from 6.75p to 7.5p with a proposed final payment of 5.5p (4.9p), takes £1.74m (£1.29m). Net earnings per share emerge at 20.47p (18.62p).

Mr Dick Reed, the chief executive, retires in June and will be succeeded by Mr Peter Haslehurst. Mr Reed will remain on the board as a non-executive director and as deputy chairman.

● comment

EIS's rights issue of a year ago has left it with an embarrassment of riches. The acquisition it was meant to finance fell through when the target company's parent was taken over, and EIS—perhaps spoiled by the windfall purchase of Flexibox the year before—has ever since been looking for something cheap enough to tempt it into loosening its purse strings. The consequent increase in interest receivable provided 23 per cent of yesterday's profits growth, but with the inevitable penalty at the bottom line, where dilution from the rights held earnings growth to 10 per cent. The picture is likely to be repeated this year, with a 20 per cent pre-tax profits incerase being translated into something nearer 12 per cent at the bottom line. But if EIS's progress is cautious, it is also reliable, and when it does spend that money, it is likely to do so wisely. In the meantime, the prospective p/e ratio of 13 at yesterday's 311p does not look demanding for the Smith & Nephew of the industrial sector.

Shares soar as Minty confirms an agreed bid

By Graham Deller

SHARES in Minty, the furniture manufacturer based in Cowley, Oxfordshire, almost doubled to 895p yesterday following the announcement that the company was in receipt of an offer from a consortium, headed by Mr Philip Haigh.

The offer, already unconditional in all respects, was made to comply with Takeover Panel regulations and is recommended by directors of Minty. It followed last Thursday's purchase of 160,600 shares — representing 39.7 per cent of the equity capital — by the consortium.

Terms of the bid, made to retain Minty's Stock Exchange listing, are 675p cash per share and value the company at £2.72m.

The consortium is composed of Mr Haigh, Mr Simon Fussell and their families and associates. Mr Haigh will became chief executive of Minty, while Mr Fussell, chairman and chief executive of Priest Marians, the property investment and development group, is to join the board as a non-executive director.

The consortium, which paid just over £1m for the near-40 per cent stake, said the offer was being made so the shareholders could have the opportunity to realise their investments—on the same terms as those who had already sold Minty shares to the consortium.

Morgan Grenfell Investment Management, which currently controls about 22 per cent of the equity, has given an undertaking not to accept the offer.

Robertson Research launches agreed bid for Laurence Gould

BY GRAHAM DELLER

Robertson Research, supplier of technical and geological services, has launched an agreed bid for Laurence Gould, the Warwickshire-based agricultural consultant quoted on the USM.

Dr Roy Bichan, Robertson chief executive, said the offer was the culmination of negotiations that had begun last December.

The proposed purchase of Laurence Gould would be complementary to Robertson's existing activities, he added.

Terms of the share-exchange offer—three Robertson ordinary for every two Laurence Gould —value the latter at some £8.73m, or 180p per share.

Irrevocable acceptances have already been received in respect of over 52 per cent of Gould's equity. Yesterday, Robertson shares firmed 3p to 123p, while Gould shares leapt 22p to 162p.

Some 70 per cent of Robertson's turnover is currently gleaned from the oil industry, but the directors have for some time been actively pursuing methods of expanding non-petroleum related activities.

In the year to end-March 1986, it made pre-tax profits of £3.73m on a turnover of £21.6m.

Gould's agro-industry business is mainly centred on Africa via its Belgian subsidiary, Agrer. Dr Bichan said that both companies operated in similar geographical areas and that he was "very happy" with the deal.

Robertson intends to declare a final dividend of 2p for the current year.

Gould also revealed figures for the year to December 1986 which showed that despite a 37 per cent increase in turnover from £6.26m to £8.56m, taxable profits fell to £339,000 from the previous year's £411,000.

After tax of £113,000 (£135,000), earnings per share came out at 10.7p (13.32p). A final dividend of 2.3p is proposed, making a total of 3.8p for the year (3.6p).

Northern Foods sells US offshoot for £15m

By Ralph Atkins

Northern Foods' US subsidiary, Northserv, is selling its Flagship Cleaning Services offshoot for $24.6m (£15.1m) cash.

The deal follows the sale in December of Northern Foods' 80 per cent stake in two subsidiaries of Keystone Foods Corporation.

At the same time Northern Foods increased its stake in three other Keystone subsidiaries including Flagship — then known as KeyServ — from 80 to 100 per cent.

Flagship, based in Philadelphia, holds the Sears Roebuck franchise for domestic carpet and upholstery cleaning in the US. It is being sold to ZZZZ Best, a quoted cleaning company operating in California.

Mr Martin Clark, Northern Food's finance director, said Flagship was being sold because it does not fit in with the group's core activities.

The group's North American operations have now been trimmed to the two former Keystone subsidiaries — Haverpride Farms, the poultry products company based in Alabama, and Northern Fine Foods, a Toronto-based pie manufacturer.

"We have got two companies that are food businesses and at this stage we certainly have no intention of seeking further divestments," said Mr Clark.

KeyServ made a pre-tax profit of $2m in the year to March 1986. Net assets were valued at $8.4m giving a book profit on disposal of $16.2m before tax.

Yearling bonds

The interest rate for this issue of local authority bonds is 9⅛ per cent, down ⅛ of a percentage point from last week, and compares with 9⅛ per cent a year ago. The bonds are issued at par and are redeemable on April 27 1988.

A full list of issues will be published in tomorrow's edition.

CONSOLIDATED TERN Investments has reached agreement with Nationwide Investments which will provide £1.5m in the form of loan and guarantee, to be converted into equity capital. Consolidated's shares were suspended on April 3 1987 while a merger or a fresh source of capital was discussed.

Automotive Products £7m in loss

AUTOMOTIVE PRODUCTS, a subsidiary of BBA Group, the friction materials, conveyor belting and industrial textile concern, has revealed substantial losses for 1986.

Turnover improved slightly to £275.1m against £261.1m last time, but after exceptional costs of £10.5m (£2.4m), the loss before tax came to £7.4m compared with a profit of £5.1m in 1985.

AP, famous for its Borg and Beck automotive clutches and Lockheed braking, steering and suspension systems, was acquired by BBA in a £98m bid last spring.

Since then, the 5,000-strong workforce at its Leamington Spa plant in the West Midlands has been reduced by one fifth following a programme of redundancies.

Lilley sells Charcon for £4.3m to cut borrowings

BY RALPH ATKINS

F. J. C. Lilley, the Glasgow-based construction group, has sold Charcon Tunnels as part of its plan to reduce borrowings by selling subsidiaries.

The sale of Charcon, which makes concrete tunnel linings, to Costain Group, the civil engineering group, is expected to raise £4.3m cash, including the repayment of long-term loans from Lilley.

Costain said Charcon would become part of its concrete subsidiary but it was not material in the context of Costain's assets.

In the year to January 1987, Charcon made a pre-tax profit of £352,000. Net operating assets were valued at £3.3m.

The sale follows an announcement in January by Lilley that it was seeking to sell a number of businesses, accounting for about 10 per cent of group turnover, outside its core operations.

The plan came after a management reorganisation at the end of 1986. In October the group reported a pre-tax loss of £24.48m for the half year ending July 1986.

It sold its Seymour plant-hire business to Hewden-Stuart Plant in February for £8.5m. In March it sold two quarry companies to Tarmac for £7m cash.

Empire sales slow

SALES AT Empire Stores (Bradford) at the beginning of the financial year had been slower than expected, the directors said in their report on the 53 weeks to January 31 1987.

However, they were improving and there would be continued attention to costs and investment.

Eastern Produce up slightly

Eastern Produce (Holdings) marginally improved its pre-tax profits in 1986, from £8.93m to £9.05m, on turnover slightly down at £38.2m against a previous £39.45m.

The directors of this holding company, which has interests in plantations, trading and agency, engineering and flashing, are maintaining the dividend for the year at 10p with a recommended unchanged final of 7.5p.

The pre-tax result was after investment and other income added a lower £739,000 (£1.05m), and interest charges of £1.08m (£1.17m).

After tax of £3.83m (£4.24m) and minorities down from £440,000 to £358,000, earnings per 50p share worked through at 46.3p (40.4p) basic

Capital and Regional up on forecast with £132,000

MR MARTIN BARBER, chairman of Capital and Regional Properties, yesterday revealed that the London-based company had swung from losses of £292,923 to profits of £131,614 pre-tax for 1986.

Last December, at the time of the company's USM flotation, profits of £114,000 were forecast.

No dividend is being recommended but the directors are confident of continuing growth of assets and profits in 1987 and expect distributions to be made in respect of the year.

Turnover for 1986 totalled £1.12m (£1.11m) from which operating profits of £404,875 (losses £17,890) were generated. Pre-tax profits were struck after taking account of exceptional debits of £273,261 (£275,033).

Tax of £428 (£4,475) and minorites of £78,560 (credits £12,773) left profits of £52,626 (losses £284,625), or earnings of 0.52p (losses 2.85p) per 10p share.

There was considerable activity in both the UK and US portfolios throughout the year—the company is a property investor and manager.

In the UK management is actively seeking suitable acquisitions and it is hoped further purchases will be made later this year.

Construction of the office development in Hatfield, Hertfordshire, is due to be completed in September.

In the US, the Great Lakes Industrial Centre at Gary, Indiana, has a virtual 100 per cent occupancy and will have a net income from next month of $2.7m (£1.65m) per annum on a total investment of $12m.

An option has been purchased to acquire a similar property in east Chicago comprising 400,000 sq. ft. of accommodation. Total cost, including furbishment, is estimated at $5.5m.

Fleming Japanese omits interim

Pre-tax revenue of Fleming Japanese Investment Trust slumped from £678,428 to £44,229 in the six months to March 31 1987 and the directors have decided not to pay an interim dividend (0.5p).

The payment of a final dividend will be decided when the full results are available in October 1987. They anticipated on the basis of figures currently available that with the emphasis of investing for capital growth, the amount available for a dividend on the ordinary would be very small.

Net asset value has jumped from 153.1p to 202.1p per share.

Net revenue for the period was £30,295 (£424,836) after tax of £13,934 (£253,592) for earnings of 0.03p (0.55p) per share.

The Kuwait Investment Office announced it had increased its holding in Fleming Japanese to 6.26m ordinary 8.15 per cent).

Glen Abbey

Glen Abbey, the Irish company, yesterday announced its intention to transform itself from dependence on what it sees as the "declining clothing manufacturing trade" and to concentrate on UK property development.

To that end, Mr Michael Norris has been appointed managing director and chairman and has increased his personal stake to 27.25 per cent. Mr Arton Kilcoyne has joined the board as executive director and Mr John Telling will continue as deputy chairman.

Scottish Mortgage

Net asset value per 25p share of the Scottish Mortgage & Trust rose from 650.2p to 783.8p over the year to March 31 1987 after deducting prior charges at par.

Revenue for the period improved to £7.47m (£6.75m) after tax of £3.18m (£3.27m). Earnings amounted to 10.26p (9.27p). A final dividend of 6.5p lifts the total to 10p (8.5p).

A scrip issue on a four-for-one basis is also proposed and a total dividend of not less than 2p (equivalent same) can be expected for 1987-88.

BOARD MEETINGS

TODAY

Interims: Jersey Electric, Keystone Investment, Union Carbide.

Finals: APV, Ayrshire Metal Products, Laura Ashley, Bank of Wales, Bank of Scotland, Bosse Massimi Pollitt, Clayform Properties, Denistron International, Ellis and Goldstein, Great Southern Group, International Business Communication, Micro Focus, James Neill, J. T. Parrish, Securities Trust of Scotland, W. A. Holdings.

FUTURE DATES

Interims:

Bradstock	June 9
London Entertainments	Apr 24
Memory Computer	Apr 24
Talbex	Apr 29
Wellcome	Apr 30

Finals:

Abelscott	Apr 27
Feedex Agricultural Instries	Apr 30
Moss Brothers	Apr 28
Office & Electronic Machines	Apr 28
Ropner	Apr 28
Runciman (Walter)	May 12
Silnaby (H. C.)	Apr 29
Walker (J. O.)	Apr 29
Young and Co's Brewery	May 28

Wednesday April 22 1987

FINANCIAL TIMES SURVEY

The fastest-growing of Scotland's New Towns, Livingston has reached its 25th anniversary and created a real and caring community. A big success has been the arrival of US and Japanese electronics companies though there is concern that Livingston should have more companies of its own. **James Buxton** reports.

Buoyant centre for industry

THE NEW TOWN of Livingston does not have a square, a plaza or a high street for its centre. Instead it has a completely indoor shopping centre that hides all its charms as you approach from the highways and car parks that surround it.

But the contrast when you go inside is astonishing. The shopping malls are thronged with shoppers and lively children, and the atmosphere verges on the exciting.

The stores surge with customers and the lunchtime queues for the counter in the Bank of Scotland fill to overcrowding a branch designed for a staff of 15 that now has to squeeze in 37. Livingston is probably the nearest thing Scotland now has to a boom town.

Livingston is in West Lothian, about 15 miles west of Edinburgh off the M8 motorway to Glasgow. Like other young British New Towns it consists of islands of residential neighbourhoods and industrial estates leading off a broad central highway set among parks and much undeveloped farmland.

Now, at the 25th anniversary of its founding in 1962, it has achieved a population of 41,000. Its original planners made provision for an eventual population of 70,000.

Livingston was one of the five New Towns created in Scotland after the Second World War partly to re-house families from the slums of Glasgow and other towns in western Scotland, and partly, in the official phrase, to "provide an environment where industry could expand and flourish."

It is currently the *fastest*-growing of them all, and is far more buoyant than virtually every established Scottish town. After weathering the post-1979 recession fairly well, Livingston has had sustained growth since 1982, since when two thirds of all companies operating in Livingston have come. Between March 1985 and March 1986 the town had its fastest growth so far: the labour force went up by 1,720—almost 13 per cent—to reach 15,000.

As the dashing advertising *campaign based on the slogan* "Make it in Livingston" says, many UK companies have set up manufacturing operations there. But the big success of the past few years has been the flow of US and Japanese high-technology companies to Livingston, mainly in the fields of electronics but also in biotechnology.

The core of hi-tech industry in Livingston and a major attraction of the New Town is the Kirkton Campus. This is not a university campus but neither is it just another industrial estate. Each of the 15 hi-tech com*panies which have so far come* to Kirkton Campus—such as Integrated Power Semiconductors, Apollo Computers and Burr Brown—has its own strikingly designed plant set in large, undulating grounds far from its neighbours. It is the industrial version of a multi-millionaire's residential suburb, and it *seems* to cater brilliantly for the need of the ambitious high-tech company for a superb site to keep a contented workforce and impress its visitors.

Attracting inward investment is a major plank in the govern*ment's economic policy for Scot*land. The government's Locate in Scotland bureau usually makes the first approach to overseas companies, explaining the grants and concessions available for those who locate in development areas. But it is up to the New Towns—which attract no less than 80 per cent of all Scotland's inward investment—to attract companies to their own particular locations.

In making the final choice, financial incentives—which are the same for four out of Scotland's five New Towns (Glenrothes is no longer in a development area)—count for less than such factors as the ease with which factories can be provided, the efficiency of the New Town in laying on services, its location (Livingston is a few minutes from Edinburgh Airport) and all kinds of subjective factors.

A New Town has to rely for much of its growth on incoming investment, both from the rest of the UK and overseas. Mr Robin Cook, Livingston's Labour MP, while praising the development corporation's outstanding success in attracting investment, points out that the town has "all the advantages and all the disadvantages of inward investment."

Livingston, he says, is "par excellence a branch plant economy," heavily dependent on trends and decisions outside Livingston. For example, he says, only a few incoming companies, such as the US Office Automation Company, actually carry out research and development in Livingston.

There is also a degree of mismatch between the companies operating in Livingston and the town's labour force. Although young and talented or experienced and skilled workers can find jobs without much difficulty, the New Town's employers have little to offer to two particular groups: young people with no particular skill or motivation, and men, mostly in their late forties, who may have been among the 6,000 employed at the Leyland truck plant at nearby Bathgate before it finally closed last year.

The consequence is that Livingston, despite signs of evident prosperity and undeniable growth, has an unemployment rate of 15 per cent — above the Scottish average — and the rate has been higher, partly reflecting the poor economic conditions in the rest of West Lothian. There are young people in Livingston who have given up hope of working.

Mr James Pollock, who has just moved up from commercial director to become Livinston Development Corporation's chief executive, says that the mismatch between the jobs available and the workforce reflects the nature of the British economy, with the decline in the old engineering activities and the growth of electronics and health care industries. Livingston, he points out, is not peculiar in this.

Mr Pollock also points out that 36 per cent of companies in Livingston are indigenous start-up operations. "We are now getting real growth from them, and who's to say that in 10-15 years' time these companies (which currently employ 16 per cent of the workforce) won't be big local companies here?" But he notes that the creation of spin-off operations from the big incoming electronics concerns has not yet materialised on any scale.

His successor as commercial director, Mr David Balfour, warns that the growth of conglomerates and the frequent takeovers in British industry are unlikely to be good for Livingston. "Instead of developing new subsidiaries to compete with their rivals in new fields, the conglomerates just take over other companies lock, stock and barrel," he says.

Mr Pollock quotes the example of a major company that was within a few days of agreeing to set up in Livingston when it decided to take over a company in the South of England.

But the major uncertainty Livingston now faces concerns *the future of its shopping* centre. The Almondvale Centre was designed for a population of 20,000. Under Lothian regional council's plan — endorsed by the Scottish Office — the centre is due to expand not just to meet Livingston's growing needs but to be the main regional shopping centre for this part of Lothian.

The development corporation has formed a partnership with the Heron Group to develop the Almondvale Centre second *phase in a £40m project* which could add another 400,000 sq ft to the existing 350,000 sq ft, and given outline planning permission.

But the expansion project has not got off the ground because the whole future of shopping centres in West Lothian and western Edinburgh is uncer- 1m sq ft megacentre at Whitburn, to the west of Livingston. Last December, the Rover Group applied for planning permission to turn the 1m sq ft former Leyland truck *factory at Bathgate into* a megacentre. No fewer than four major shopping developments on the west side of Edinburgh are seeking planning permission.

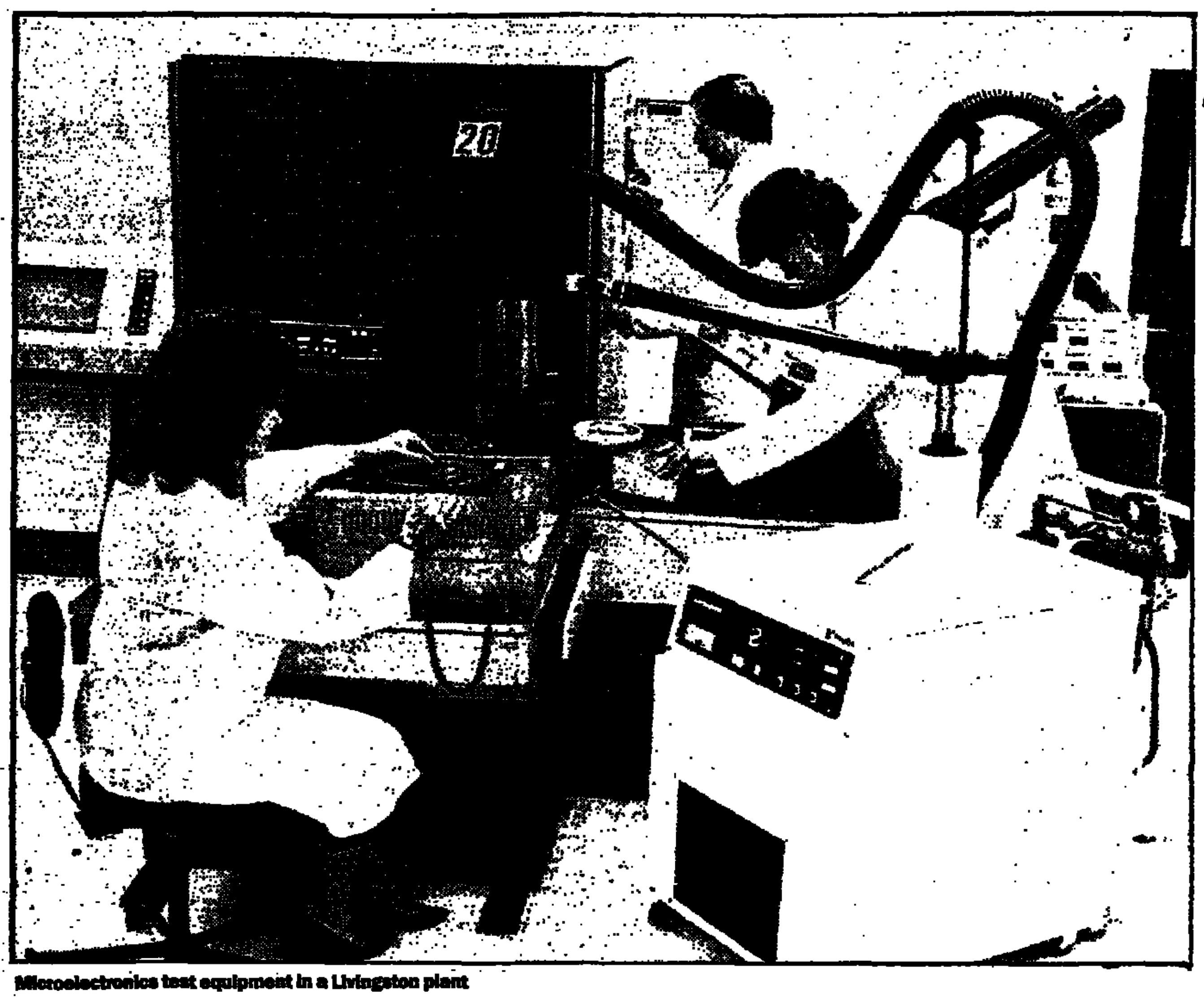
The development corporation fears that if one or other of the *1m sq ft megacentres went* ahead it would not only damage the existing stores in Livingston, but make its planned expansion uneconomic and threaten the viability of stores all over the central belt of Scotland.

That would not only affect shoppers living in Livingston, but take away a project that would bring both extra employment — some of it in the badly needed unskilled category — and a more attractive and open town centre to the town.

But is Livingston simply expanding at the expense of other towns in Scotland, including the other New Towns, even though it has not won every recent major inward investment?

"I don't believe that we are necessarily *taking* industry away from existing communities," Mr Pollock says. "Companies are deciding between Livingston, and places like Ireland and Washington in the North East. A US company will usually look at up to a dozen Scottish locations."

In other words, he implies, what Livingston gains is due to its own merits and its marketing efforts.



Microelectronics test equipment in a Livingston plant

Livingston

CONTENTS

Industry

Searching for the right jobs

"COAL MINING, shipbuilding and textiles are the only industries missing from Livingston, and we're quite happy not to have any of these," says Mr James Pollock, former commercial director and recently appointed chief executive of Livingston Development Corporation.

Well may he speak with satisfaction about the range of industry in the town. Electronics, perhaps surprisingly, accounts for less than half the total workforce of 8,650 people currently employed in industrial premises, though high-tech related companies tend to have shown the fastest growth, with some 12 now building up to 500 employees. However, the majority of Livingston's 300 industrial and commercial companies employ fewer than 50.

Mr Pollock admits, nevertheless, to one or two reservations. "It's not just a question of any jobs: they have to be the right ones. High-tech companies tend to be the largest employers, but that is very much a young person's industry. We would hope to attract more companies requiring people who can use their hands though not necessarily a microscope."

Many of those employed at the Rover Group's Bathgate plant before it closed are resident in the district. While younger people have found plenty of work available at electronics companies, skilled and semi-skilled fathers have not had it so easy, which partly accounts for the town's unemployment rate of 17 per cent.

Yet it is only since 1979 that the electronics sector has taken off; before that Livingston was very much an engineering-based town. Cameron Ironworks was the first company to set up in Livingston, in 1966, and is still the largest industrial manufacturer, employing 750 in the production of valves, parts for jet engines and air frames, and steel and aluminium extrusions. It also supplied much of the primary circuit pipework for the French PWR nuclear power programme.

Livingston has managed to attract other non-electronics industry, with Everest Double Glazing establishing its Scottish manufacturing plant in the town, for example.

It was the decision of Burroughs to establish a plant making banking terminals that raised Livingston's manufacturing profile. This was the largest, though not the first, electronics company to make the move. That coincided with a growth in interest in the Kirkton Campus, an American-style industrial estate.

Johnson and Johnson, with interests ranging from baby powders to surgical garments, moved its research and development and sterilisation plant on to the campus, encouraging other US companies to come and have a look. "Kirkton became, and probably still is, our strongest marketing tool," says James Pollock.

"We were attracted by the philosophy and style of the campus, as well as the availability of skilled labour," says Mr Bill Murray, associate with WL Gore, part of the US multi-national making Gortex fabrics mainly for leisure, industrial, military and police use. "The density of the building made it possible for us to create an environment which people would enjoy, react to and be creative in."

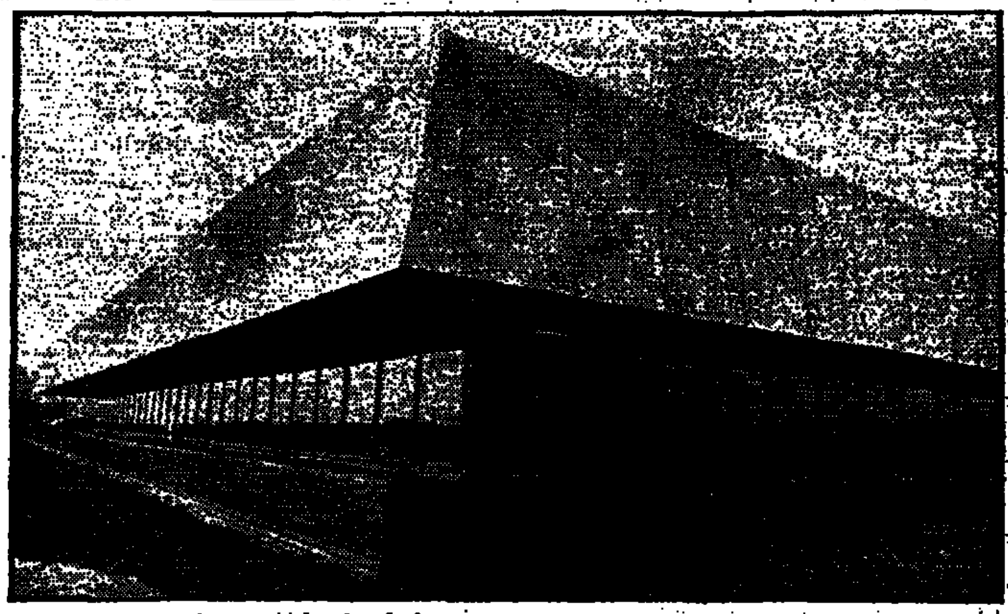
The company, which has other Scottish plants at Dunfermline and Dundee, bought eight acres, had a building designed for it and now employs 190. Part of Gore's philosophy is that no one building should hold more than about 200 staff, so it took out an option on an adjacent site to allow it to expand. Its annual turnover, £15m last year, is projected to reach £20m this year.

Burr-Brown, another US-based multi-national, set up on the campus in 1983, with an investment of £5m. Producer of a wide range of data acquisition components and systems, Burr-Brown is now assessing plans for a possible further £4m investment in Livingston, effectively doubling its capacity. It started with 10 staff and now employs 150, with 50 per cent of the workforce in manufacturing and the rest in engineering and product design.

Nevertheless, companies such as NEC Semiconductor, Mitsubishi and Shin-Etsu Handotai have chosen sites elsewhere in the town. Of Livingston's 270 industrial companies, only 15 are on the campus, while three of the town's four industrial estates are distinctly non-high tech.

The reasons for choosing Livingston vary little from company to company. The explanation given by James Davis, Burr-Brown's managing director, highlights some of the common themes. "We looked at Germany, Eire, England and elsewhere in Scotland before opting for Livingston. Financial incentives were important, but we also needed to be in an area which had the high-tech infrastructure to service our industry, as well as good communications by road and air.

"As we are developing products and solutions for the European market place, proximity to expertise in universities and colleges was another factor. They are also a source of promising young engineering graduates."



Futuristic shape of NEC's Livingston factory

When Burr-Brown set up in Livingston, it did not bring over any US personnel. The most promising graduates it sends to the US for a year's training, while the company also sponsors sandwich courses for students at local colleges and universities, though, says Mr Davis, poaching of staff by electronics companies in Livingston is "already a reality."

The town has not been immune to wider economic realities, either. "The semiconductor industry, in particular, is one of peaks and troughs," according to David Balfour, commercial director at the development corporation.

"We were disappointed that the recession lasted so long. It definitely had an effect on the conversion rate of inquiries to settlements. But we stick with any project that is postponed because of market forces. As soon as we spot an upturn, we will renew our acquaintanceship."

To be in a position to take advantage of any inward investment opportunities, the LDC aims to have a quarter of a million sq ft of factory space either available or under construction at any one time. It has also sought to make that space as flexible as possible.

The corporation is falling just behind this target at present, with 100,000 sq ft being built on the Kirkton Campus, and a further 130,000 sq ft of advance factory space about to go out to tender on the Deans Industrial Estate.

Advance factories account for 75 per cent of industrial space, while the larger companies build or own their own units. Less than 10 per cent of companies employing more than 200 are in leasehold premises. The minimum lease period is 15 years unless the factory is under 2,000 sq ft when five-year leases are the norm.

The corporation will consider early termination of leases, should a company want to move into larger accommodation. Over 50 per cent of the companies which have been in Livingston for more than five years have extended or expanded.

The development corporation has also sought to have serviced sites available for bespoke factories. Ten per cent of its annual budget goes on the provision of infrastructure. "We frequently forward fund the public utilities to put in services to ensure they are there when clients come along," says Mr Balfour. At that stage, the corporation recoups the investment from the utilities.

The varying types and sizes of businesses now setting up and already growing in the town reflect the range of units available. Deans Engineering, for instance, was established by a former fitter at British Leyland, with two other local youngsters. It took a small workshop of 500 sq ft, and has since graduated to a 10,000 sq ft unit, with 25 employees.

Livingston Precision is another example. A management buy-out of six years ago, it is now a sub-contractor for the electronics industry. Initially the company took 16,000 sq ft; it is about to move into 46,000 sq ft.

So the increasingly broad cross-section of Livingston companies is symptomatic also of the opportunities presented by the larger electronics manufacturers. MTL Microtesting, a subsidiary of Cambridge Instruments, is an independent test house, offering testing facilities for semiconductors.

Another example is Micro Image Technology, providing solvents, also for the semiconductor industry, while EPS Moulders, producing polystyrene packaging, moved to a site next to Mitsubishi and is now supplying the Japanese company with the packaging for its video recorders.

It is expected that the decision of computer manufacturer DEC to move to Port Edgar, between the town and Edinburgh, will also bring spin-offs for Livingston. "Companies here will be in a position to provide services not available in DEC's immediate vicinity," Mr Pollock says.

Livingston has benefited, in addition, from the success of the Heriot Watt research park near Edinburgh. Bio Scot, a small biotechnology company, unable to manufacture on the park, set up a plant in the town. Another company, Lambda Medical, is now producing medical laser equipment developed at Heriot Watt.

"Size versus the number of jobs provided remains a consideration," Mr Pollock says. "While we would not be keen on a 100,000 sq ft warehouse employing five warehousemen, there are always grey areas, so we've never drawn a line around what is, and what is not acceptable."

Alastair Guild

Urban Life

A self-help community

MR ROBIN COOK, Labour MP for Livingston, likes to tell the story of a television film crew which visited the town recently to shoot scenes for a play that concerned a New Town.

When the producer arrived at the community centre where shooting was to take place, he was astonished to discover that there were no graffiti to be seen. So that the New Town should conform to his preconceived idea of it, he hastily sent to Edinburgh for some graffiti-covered plaster board.

Any British New Town is by its very nature a strange place. Its lay-out is radically different from that of any traditional town. Its population consists of newcomers who come without an established network of relatives and friends, and whose average age is likely to be about 15 years younger than that of ordinary towns. Virtually all property is newly-built and relatively costly.

All these problems and more apply to Livingston. Yet it seems to be an uncontested fact that Livingston is an unusually friendly and caring community, with a large number of people who organise or take part in voluntary activities.

Mr Bill Sharp, a businessman who in 1965 started what was only the second factory in the town, says: "I could only persuade my wife to agree for us to move from Glasgow in 1981. There's so much going on and we've now got so many friends here that we wish we'd moved before."

Mrs Heather Birrell, who runs the Livingston Voluntary Organisations Council, tells how befriending schemes were set up whose successors still exist to help the newly-arrived families. "People came without their extended families. They lacked a commonsense relative who would stop them getting into debt or help them out if they did. People had thought that marriages that were sick would miraculously revive."

From this beginning there developed a network of caring organisations, in which statutory bodies co-operate with voluntary concerns. The purpose-built community centres are complimented by those in converted farms, all run by voluntary management committees.

The monthly booklet "What's on in Livingston" runs to 56 pages and is thick with details of parents and toddlers groups, martial arts courses and clubs for the unemployed.

But there is certainly no shortage of problems to deal with. The shortage of housing is one but the town also has a level of unemployment that though lower than before at 15 per cent, is still above the Scottish average.

It particularly afflicts both unskilled young people and middle-aged men who were made redundant by the Leyland truck factory at Bathgate. Though the newly-arrived companies are creating employment at an impressive rate, some of the jobs go to people brought in from outside Livingston. There is a relative shortage of jobs in offices and shops.

People in Livingston marry young and start having children at an unusually young age. Marriages fail and the town has an above-average number of single-parent families.

The urban environment can be forbidding. Where virtually all buildings are relatively new, it requires a major investment to establish a pub (there are fewer than 10 in Livingston) and major shopping is deliberately concentrated in the shopping centre at the heart of the town.

The shopping centre may pulsate by day but for the past four years it has been locked up at night because of vandalism. As it was designed to be a through-route its closure imposes circuitous journeys between, for example, the bus station and the town's cinema.

Livingston was designed for a car-owning population, yet in the 1981 census almost 40 per cent of households did not have a car. For a person on supplementary benefit the buses are expensive.

Mr Graham Robertson, who is responsible for community development at Livingston Development Corporation, says: "For the unemployed and the hard-up, the town becomes a place where they are trapped. And that leads to other problems—alcoholism, drugs and so on."

However, one development in the transport field has been a tremendous and unexpected success. A year ago, 30 years after it was closed, the railway line from Edinburgh to Bathgate was re-opened for passenger trains.

The principal aim was to help Bathgate in the wake of the closure of the Leyland plant. But the new service means that Livingston now has frequent and speedy trains to Edinburgh.

The number of passengers carried on the line exceeds all official expectations. Young people in the town can now more easily take jobs in offices and shops in Edinburgh—the type of jobs that are in relatively short supply in Livingston.

James Buxton

Profile/NEC Semiconductors

Expanding to sell in Europe

NEC SEMICONDUCTORS, the world's leading supplier of semiconductors with plants in Singapore, the US, Malaysia, South America, Eire and Japan makes no secret of its aim to improve its position in the European rankings, with the top position currently held by Phillips.

Though it has manufactured similar products at its other European site in Eire for the past 11 years, much of the impetus will come from its Livingston plant, where it currently produces 2.5m devices a month, and plans to turn out 3m a month once its current expansion is complete.

Since completion of the 6,000 sq metres first phase in 1982, the Japanese company's workforce has increased from 20 to 300, involved mainly in the assembly, testing and packaging of memory and microprocessor devices. Its first product was the 64K DRAM; it is now producing a 256K DRAM device, and soon will be producing the infinitely more powerful Mega DRAM. In West Germany, Toshiba has already begun to assemble one megabit memory chips.

The 8,500 sq metre, US$120m Phase II, with full production planned to start next month, though not immediately leading to an increase in output of integrated circuits, will allow the company to convert raw wafers into wafers incorporating the silicon chip. At present these fabricated wafers are brought in from Japan. NEC plans eventually to source the raw silicon itself in Europe, and possibly in the UK.

While the Japanese company, SEH, is soon to start manufacture of raw silicon and silicon wafers at Livingston, NEC insists that the decision where to buy these materials has not yet been taken, and it will depend on price, quality and delivery.

Mr Bill Gold, personnel manager, says: "Our customers have to be satisfied that the Livingston product will be of the same quality as they are already getting from Japan, so we will start up with known and tried raw wafer suppliers in Japan, but gradually move towards buying from UK and European sources."

After four years of assembly and testing, NEC is now having discussions with European and UK suppliers of packaging materials such as epoxy resin, for example. These talks have coincided with a strong Yen. But buying from companies closer to Livingston would have the additional long-term advantage of fitting in with the Japanese Just In Time philosophy, with deliveries made two or three times a week, rather than NEC having to hold large stocks of materials.

Though much of NEC's purchasing will be done outside Livingston, the fact that the other semiconductor manufacturers were already located in Central Scotland was an indication to the company that the area had the infrastructure suitable for the production of integrated circuits. It provided evidence, for instance, that its requirement for super clean water used in wafer fabrication could be met.

Grants and financial assistance were also very attractive, while proximity to airports was another factor, since many of NEC's devices are sent by air. The development corporation was able to offer a range of suitable sites within the town and universities and colleges, particularly those in Edinburgh and Glasgow, could meet the company's demand for engineering graduates.

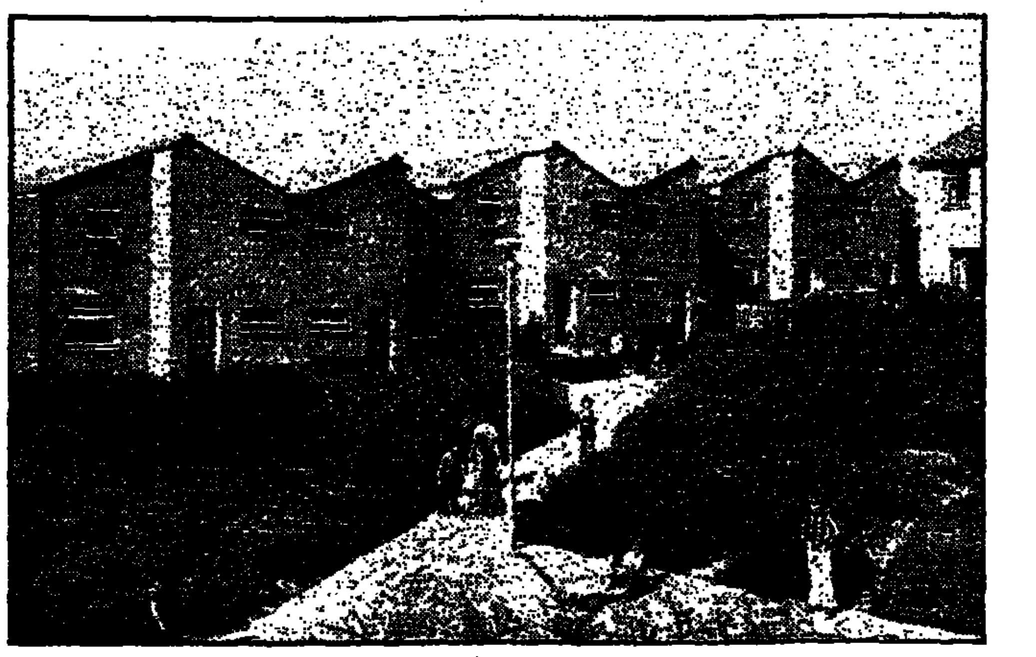
Some 17 per cent of its employees are at present engineering staff, while most of its recruitment, in particular, for assembly line work, is from high-school leavers. "We take on youngsters and train them. Our basic policy is to provide long-term employment. With that prospect, younger people can adapt to an environment which is one of constant change," Mr Gold says.

There are at present 20 Japanese on NEC's Livingston staff, with a further 13 brought in for the run up to wafer fabrication. Their main function is to train UK engineering staff and to transfer technology so that UK engineers can gradually replace them. Some UK engineers are sent to Japan for training.

Phase II will ultimately add more than 200 to NEC's Livingston workforce, and, with an increase in assembly activity, NEC expects to employ some 600 by the end of next year.

With 75 per cent of the 40-acre site already developed, NEC says that a Phase III will depend on the state of the market. There is the possibility that it may introduce a design capability. As integrated circuits become increasingly customised, so it will be important for companies such as NEC to liaise more closely with the requirements of UK and European customers.

Alastair Guild



Children playing on one of the estates

Housing

Building ban lifted

THE BIG changes that have taken place in housing policy under the Conservative government have had a major effect on Livingston. In 1979, the government imposed a moratorium on the construction of general purpose housing by the development corporation.

The aim was to favour construction by private sector contractors of homes for sale rather than rent. This went hand in hand with the government's policy, which came into force in Scotland in 1980, of encouraging the sale of council and development corporation houses at a big discount.

The building of general housing—as opposed to sheltered housing—petered out by 1982. The number of private sector developers in Livingston went up to 14 and the rate of new building has risen dramatically in the past four years.

Some 2,500 corporation houses and flats have been sold to their tenants at discounts of 60 per cent on houses and 70 per cent on flats, and the corporation's housing stock has fallen to about 10,000.

In response to pleas from the New Towns, the Scottish Office has now lifted the moratorium and at Livingston the development corporation hopes to build houses at the rate of 100 a year for the next five years—a slower rate than in the past.

The development corporation argues that the moratorium has slowed the growth of the town and created social problems. Mr David Kelly, the housing manager, says "I'm not against owner occupation but there are a considerable number of people looking to the public sector to provide accommodation. We must replenish the stock that we lose, and this has not been happening."

Unless a husband and wife are both working, they cannot afford the mortgage to buy their town homes, either from a developer or from the corporation, Mr Kelly says.

The moratorium means that the second generation of Livingston inhabitants—young married couples who want to settle down together—have to wait for up to a year, instead of a month or two, to get a home.

Elderly people—coming to Livingston to be near their children—were also put at a disadvantage. The lists had to be closed altogether to people who had no direct connection with Livingston—for example the brothers of Livingston residents or people coming "on spec" without a job. By excluding these categories, the corporation has cut the waiting list from about 2,500 to 1,000—but there are fewer homes available.

"You don't solve the housing problem with 14 private developers," says Mr David Balfour, the corporation's new commercial director. "The Scots mentality is to lease; the private sector caters for a different type of person." But both Mr Balfour and Mr James Pollock, the chief executive, acknowledge that the policy of selling corporation houses has been popular.

The great increase in owner occupation—from 8 per cent in 1977 to 26 per cent today—gives people in Livingston a greater sense of belonging, the corporation acknowledges. But it has probably contributed to the problem of homelessness in the New Town and the corporation—in co-operation with charity organisations—has had to set up a scheme called Open Door to cater for people left homeless after marital breakdowns and other family disasters. Open door provides a small number of temporary flats for emergency cases.

But the moratorium gave the corporation the chance to tackle the problem of refurbishing some of the areas where housing had fallen into bad condition. Flat roofs are being replaced with pitched roofs, condensation is being tackled by installing lagging and old night storage heaters are being replaced by a choice of modern gas or electric central heating.

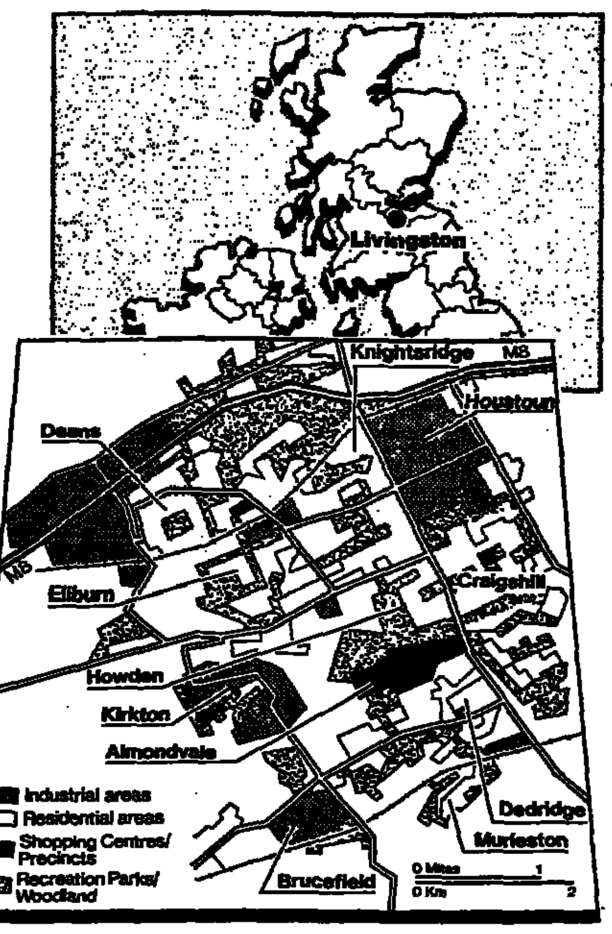
The most striking development is the £2.5m programme to revive a badly-decaying housing estate in the Knightsridge area. The estate—known as Knightsridge 4—had become so run down that people refused to live there. The two-year programme involves demolishing a number of houses altogether to create more space, putting in new roads and modernising the remaining houses.

Livingston was designed for a population of 70,000. But government policy for Scotland, as laid down in November 1984, is that the five-year process of winding up the development corporation could begin when a "target" population of 49,500 is reached. The question of the winding up of the Scottish New Towns is uncharted territory since none has yet reached the trigger number let alone the designated population, and much is left to the discretion of the Secretary of State for Scotland.

Mr Pollock envisages that if winding up does take place, the corporation's housing and social responsibilities would be transferred to the local authority—West Lothian district council—while he expects that the industrial promotion function would continue—but would be taken over by the Scottish Development Agency which would probably have to have an office in Livingston itself.

"It would have been nice to go forward," he says, "but the doors won't suddenly be locked."

James Buxton



James Pollock—selling houses has proved popular

Profile/Polbeth Packaging

Output rising

POLBETH PACKAGING provides a vivid contrast with the likes of NEC, Ferranti or Apollo Computers, international companies that made headlines when they made their inward investment. Polbeth, though only a few years old, has its roots in Livingston, and is evidence of the growing maturity of the town's industrial base.

The company, which designs and manufactures thermoformed plastic packaging for a cross-section of manufacturing and service industries, was established by three refugees from the recession of the early 1980s.

Initially, it leased a 6,000 sq ft development corporation advance factory on one of the town's industrial parks, and has since expanded to 24,000 sq ft. About two years ago, Polbeth established a subsidiary plastics processing company at Livingston, Brucefield Plastics, to manufacture its own raw material, recently commissioning a new plant which will increase output to more than 1,000 tonnes a year.

Polbeth's turnover, £500,000 in the first year, has since increased to £4m, while its workforce has risen from 10 to 110, most recruited locally.

Mr Ronnie Gray, managing director, says: "We didn't come here because of the grants on offer. We didn't realise they were available." But Polbeth has taken advantage of them since. The £1m investment in plant and equipment so far, has been financed with money from regional development grants, selective financial assistance, profits and depreciation; while the British Linen Bank, which two years ago took a 30 per cent equity stake, has also helped with the investment programmes.

"We came here, after a lot of research, because it had excellent facilities and was an ideal location for rapid communications with clients, many of whom are based in the South," Mr Gray says. Among its major customers are Marks & Spencer, Cadburys, Rowntree-Mackintosh, Tesco, IBM and Courtaulds. "We have also found the LDC helpful, easing the transition from one to four factory units."

The company, which came in the top six of a University of Glasgow survey of 73 business start-ups, aims to expand by a mixture of organic growth and acquisition, possibly setting up a plant in the South of England.

Alastair Guild

Financial packages

Generous terms offered

WHY LIVINGSTON? Ask that question of any company investing in the town and the financial package will come high, though not top of its list of priorities.

"If we had wanted to receive more in grants or loans, we could have gone to West Berlin or Eire," says one. Infrastructure, in its broadest sense, generally has a greater bearing on the decision where to locate. "No amount of government assistance can make a non-viable project fly."

Mr David Moffat, Livingston Development Corporation's marketing executive, also puts the financial package in its context. "NEC already had a plant in Eire and could have got more grants by expanding that facility, but it chose Livingston instead."

Livingston is able to offer, in the UK context, one of the most generous financial packages outside the country's enterprise zones. Like three of Scotland's other new towns, East Kilbride, Irvine and Cumbernauld, the town is a development area, making both inward investors and indigenous companies eligible for Regional Development Grants and Selective Financial Assistance.

However, following government changes to regional assistance in 1984, these have been made much more dependent on the amount of employment created, and the effect on the overall UK economy.

The Regional Development Grant, a non-taxable cash grant of 15 per cent of approved capital expenditure, is subject to a grant ceiling of £10,000 per job for companies of more than 200 employees, or £3,000 per new job created whichever is the more advantageous to the investor.

Selective Financial Assistance can add a further 10 to 15 per cent in cash grants. A project grant is based on the project's capital expenditure costs and jobs created or maintained. Training grants can be as much as 80 per cent of the total cost of all in-plant training considered essential to a project's success.

According to the Scottish Development Agency's Locate in Scotland bureau, any activity qualifying for a Regional Development Grant will normally receive selective financial assistance. But what is a qualifying activity?

The fact that the UK already has a number of major semiconductor manufacturers, for example, would not, of itself, exclude other companies in the same sector from receiving selective assistance. They tend to be setting up in the UK to serve markets in Europe or even further afield, and so benefiting the UK's overall economy. But, if there was already a UK overcapacity in the manufacture of, say, men's shoes, another manufacturer of men's shoes would be unlikely to qualify.

Few investments in Livingston have not benefited from government grants. They include Littlewoods' regional warehouse and distribution centre and Colorcare's film processing plant. But with these companies now providing a national service to Scotland, they might now be eligible for grants to extend their activities.

"A company has also got to show that without selective assistance, the project would not go forward within a year to 18 months. It has to have, in addition, a range of locations to choose from," says Mr Jim Byers, the Royal Bank of Scotland's business development manager.

According to Locate in Scotland, few companies investing in Scotland and receiving government financial assistance have failed. Clawback conditions in grant offers would make it difficult for companies to take the money and run. AN additional safeguard is that investors have to incur expenditure on assets before they receive grants.

With Livingston's assisted area status also comes eligibility for European Investment Bank loans. These loans, with interest rates fixed for eight to ten years, are for up to 50 per cent of the fixed asset costs of a project. The rate of interest is about 3 per cent below current market rates with a two-year moratorium on repayment of the loan principal.

As Livingston also falls within Lothian Region, one of three Scottish coal and steel closure areas, favourable loans are available from the European Coal and Steel Community, again for up to 50 per cent of project costs. Out of Scotland's total working population of 2m, approaching 150,000 jobs have gone from the coal and steel industries in recent years. EIB and ECSC loans may not together exceed 50 per cent.

An additional element in Livingston's financial package is the possibility of rent-free periods. "This is almost standard practice in Scotland, says Mr David Balfour, development corporation commercial director. "In deciding whether an investor qualifies, I have to make a judgment based on the size of the investment and its impact on the local economy."

The normal rent-free period is two years, with companies expanding from one premises to another also able to qualify on the net increase in square footage.

If a company wants to buy its factory from the outset, the corporation would be willing to provide mortgage finance, particularly important for companies wanting to fit out an advance factory, Mr Balfour says. It is also helpful to a company seeking bank loans or venture capital to develop the core of its business, "taking the building out of the risk equation. We might alternatively act as guarantors for bank loans to assist a company wanting to buy its factory.

"Today, you could probably talk us into a loan at 10.5 per cent, fixed for the repayment period, a maximum of 15 years, with half-yearly repayments. In return, all we ask is a say in the shape of the factory."

Though the LDC is not itself permitted to take an equity share in companies, it can act as a partner with the Scottish Development Agency. "There is scope for expanding that partnership, with the corporation providing factory space and the SDA taking equity in a company," says Mr Balfour.

On top of the financial incentives tied to Livingston's status, companies may be eligible for the range of assistance available throughout the UK. This includes grants of up to 25 per cent of the project costs involved in the design and development of a new product or process. Under the innovation and investment support scheme, project costs must normally be between £100,000 and £5m.

The same scheme will meet between 20 and 50 per cent of the costs of studies into the implementation of advanced manufacturing technology, the assessment of the opportunities and commercial merits of biotechnology and investment in new technology.

Grants of 75 per cent of the cost of product and process consultancy to achieve improvements in design, quality and manufacturing organisation and techniques are also available.

Alastair Guild

COMMODITIES AND AGRICULTURE

Australia in coal price struggle

BY CHRIS SHERWELL IN SYDNEY

PROTRACTED negotiations between Australian steaming coal producers and Japanese power companies on supplies for the coming year have reached an awkward stalemate over price, largely because of the recent strength of the Australian dollar on foreign exchange markets.

The five producers say the viability of their operations will be undermined if they are forced to accept the price cuts demanded by the power companies. The utilities are demanding cuts in line with those secured by Japanese steel mills from coking coal producers.

The battle follows negotiations in which Australian suppliers of both coking coal and iron ore last month reached separate agreements with Japanese steel producers involving significant reductions in price.

In the case of iron ore, suppliers agreed to price cuts of three to six per cent, less than that sought by the Japanese, after an unprecedented letter to Japanese steel mills signed jointly with Swedish and Brazilian exporters.

The Australian coking coal producers, recognising the troubled financial plight of the Japanese mills, agreed to a US$4 reduction in price to $44 per tonne for the year beginning April 1.

In 1985-86 Australia supplied 27m tonnes of coking coal to Japan, making it the country's biggest supplier. Australia's total exports of coking coal in the same year amounted to 49m tonnes.

Australian steaming coal supplies are just as important, amounting to 15m tonnes in 1985-86, or about two-thirds of Japan's needs, and 37 per cent of Australia's total steaming coal exports of 41m tonnes.

Last year the price agreed was fractionally less than $32 per tonne, which at an exchange rate of 61-62 US cents to the Australian dollar worked out at A$52 per tonne.

This year the Australians have sought an increase in price, but the Japanese have argued that steaming coal prices should fall to maintain their traditional relationship with coking coal prices.

The Australians have rejected this, saying that there is nothing sacred about the differential and pointing out that the power negotiations have stretched out over months and have broken down four times.

The power companies recently concluded a 2.4m tonne deal with China at a price of US$29.51 per tonne. While the quantity involved is not comparable to that coming from Australia, China says it wants to triple its overall coal exports to 30m tonnes by 1990.

More controversially, a separate Japanese deal has also been agreed with the South Africans. A leading Sydney bank says this was concluded at US$24.70 per tonne.

At prevailing exchange rates of 71 US cents, even the price at which the Chinese deal was struck would offer Australian producers earnings of A$41.50, about 20 per cent below last year's levels.

This, they say, is too big a cut. With production costs of A$25-30 per tonne, plus freight and tax charges, they would find it difficult to produce the coal profitably.

Ironically, the Australian producers might not have been suffering such a serious problem had they not changed the currency in which their deals were denominated from Australian dollars to US dollars only last year.

For the Japanese power companies, present currency shifts are boosting their profitability even further. Lower oil, coal or uranium prices (in US dollars) have already helped considerably, but the strengthening yen has reinforced the trend.

In the past, the companies and their Australian suppliers have invariably made an interim arrangement for continued coal supplies when they have failed to conclude an early overall agreement.

If that is to occur on this occasion, it should be reached before the end of the month. But Japanese stockpiles are said to be high, which means the pressure to have an interim deal is less intense.

Australian newspapers reported yesterday that Japan was already threatening to stop sending ships to Australia. Although this was being played down by the Australian Coal Association, it is clearly a possibility while negotiations continue.

The five Australian mining companies involved are Oakbridge, Ulan Mines (owned by Mitsubishi White Industries), Caltex Australia, Wambo Mining (owned by the New South Wales Government and Charbonnages de France) and Thiess Dampier Mitsui (owned by BHP and Mitsui).

On the Japanese side are the Tokyo Electric Power Corporation, the world's largest power company, the Electric Power and Development Corporation and the Hiroshima-based Chugoku Electric Power Company.

Brazil will take care to avoid depressing coffee market

BY DAVID BLACKWELL

BRAZIL'S PROPOSED auction over the next six to eight months of 630,000 tonnes of robusta coffee bought in London last September will be carefully carried out in order not to upset the market, says Mr Jorio Dauster, president of the Brazilian Coffee Institute (IBC).

The IBC's "gradual way of bringing the coffee back on to the market should remove any fears that this is going to depress prices unduly," says Mr Dauster, who feels that the bearish sentiment in the market has been overdone.

Mr Dauster is in London to organise the auctions of the robusta coffee, which the IBC said last year had been bought to augment supplies for the domestic market, releasing more of Brazil's own higher grade arabica coffee for export.

At the time the IBC was confident that prices were set to rise as the full impact of the 1985 drought in Brazil came to be felt on the world market. But prices fell further, leaving the IBC holding an expensive European stockpile of unwanted coffee for which it still has to pay.

The robusta was bought at prices of about £2,400 a tonne, and is now worth about £1,300 a tonne. When the cost of finance and storage is added, the IBC faces what Mr Dauster terms "a substantial loss."

In order to make up the difference, Brazil will be making new shipments of arabica coffee, also for auction.

By spreading the lots across six to eight months and keeping them small the IBC hopes to minimise the impact of the disposal. Lots of 1,000 or 2,000 bags should attract even small roasters, believes Mr Dauster, and he has not discounted selling some of the coffee direct as the IBC gets the feel of the market.

In general, he feels that supply and demand are more balanced this year than last year. The predicted price war following the collapse of the International Coffee Organisation's quota talks did not materialise. There has been no panic among producer countries, which are all selling coffee in "an orderly way."

Although Brazil, the world's biggest coffee exporter, would prefer an agreement in order to ensure market stability, "we do not need it to survive," he insists.

Brazil's recent coffee export performance has given Mr Dauster "satisfaction" following "a very bad start." At the beginning of the year the coffee price was falling like a stone, he says. Interest rates in Brazil were almost 30 per cent a month, and exporters did not want to hold a single bag in storage. But this dangerous situation had been contained by government intervention purchases, and so far this year the country had earned $900m from exports.

Chernobyl lamb compensation reaches £4.3m

By Max Wilkinson, Resources Editor

THE MINISTRY of Agriculture said yesterday that it had paid £4.3m to farmers in the last year for compensation resulting from the fall-out of the nuclear disaster at Chernobyl in the USSR last April.

A further £1m has been spent on research, mostly into monitoring techniques.

Nearly all the compensation has been paid to hill farmers in Wales and Cumbria for sheep and lambs that have been withheld from the market because they were found to exceed the radioactivity limit of 1,000 Bequerels per kilogramme.

A ban on the slaughter and movement of sheep in designated parts of Wales, Cumbria and Scotland was announced in June last year. It was expected at first that the ban would be lifted within a few months after radioactivity levels had declined.

However, although the restrictions have been lifted in Scotland, some 300,000 sheep and lambs in England and Wales are still subject to the ban.

The Ministry says that very few of the animals brought to market are now found to be above the limit. Those that do exceed the limit are all from upland areas, and a short spell grazing at lower levels reduces the reading.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Change during week ending last Friday)

		(tonnes)
Aluminium	+225	to 113,625
Copper	+6,275	to 139,125
Lead	−3,900	to 18,225
Nickel	+426	to 4,728
Tin	−180	to 30,070
Zinc	−25	to 30,975
		(ounces)
Silver	unchanged	at 21,840,000

Another Haitian sugar refinery forced to close

HAITI'S THIRD largest sugar mill, the state-owned Welsh sugar refinery in northern Haiti, announced it was ceasing operations yesterday, reports Reuter from Port-Au-Prince.

The closure of the mill, 154 miles north of Port-au-Prince, will put hundreds out of work and affect thousands of cane planters whose crops will die uncut in the fields, refinery officials said.

Haiti's largest sugar refinery, the Haitian-American Sugar Company (HASCO), shut down on April 10.

Earlier the Dessalines Central Sugar Company also closed.

Metal Exchange applies to register holding company

BY OUR COMMODITIES STAFF

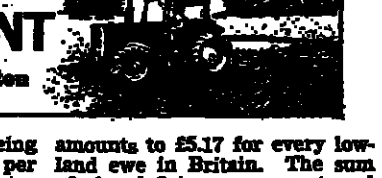
THE LONDON Metal Exchange is applying to register a new holding company following uncertainties about litigation following the tin crisis of 1985.

The company—The London Metal Exchange Ltd—is to provide the corporate vehicle for running the exchange.

The LME said the move was in accordance with the advice of the Securities and Investments Board (SIB) that unresolved legal action in the wake of the tin crisis might prevent acceptance of the LME's application to become a Recognised Investment Exchange (RIE).

The LME has to become an RIE to comply with the Financial Services Act when it comes into force later this year. At the moment the LME is run by the Metal Market and Exchange which is faced with a law suit linked to tin. The LME plans to adopt a single managing board at the end of July, instead of the current company's two-tiered structure of a committee and a board. It said a "pathfinder proposal" would be put to members in May, followed by a full and detailed proposal in June.

The realities of sheep farming



By John Cherrington

LAST WEEK'S sudden burst of warm weather set the grass growing well and made my farm look altogether better than it had done through a rather cold and difficult winter. Instead of wandering around looking for a bite, the ewes seemed to fill their stomachs with grass in no time and were lying down chewing the cud. Their lambs, instead of worrying for a feed, were lying contentedly in the grass, filling out almost visibly in the warm sun.

There is nothing more satisfying for a farmer in the spring than a field of contented lambs and ewes. At this time of year I spend a good deal of time just looking at them. While giving great satisfaction to the eye, however, they do little for the pocket, and few agricultural economists give them much of a recommendation under present cost structures.

The simple fact is that it costs too much to establish a flock and the returns are low, compared with cows and arable crops.

During the 1930s, many farmers survived with a flock of scavenging sheep. It needed very little attention—just the farmer, with a dog and stick. We have learnt since how to farm sheep intensively, however, although the level of output remains insufficient to justify the relatively high capital costs involved.

Pressures of milk quotas and doubts about cereals and beef are encouraging farmers to increase their sheep flocks. According to the December census, the national sheep flock rose by 5.8 per cent and the number of ewe lambs being retained for breeding by 13 per cent. Optimists in the industry discount these portents of over-production in the future by pointing out that there is plenty of scope for increasing consumption.

France, which imported 50,000 tonnes of sheepmeat last year, is nothing like self-sufficient; New Zealand supplies are being reduced, because of that country's government policies; and there should be scope for exports to some other European countries.

Market experience is nothing like as encouraging, however. Since last year, consumption has been falling for all sheep products. Some blame the Chernobyl factor—consumption did fall suddenly in the week that the accident happened. But it has not recovered the whole of that fall, and consumption of sheepmeat on the British market has been in gradual decline for some years.

The method of subsidising lamb in Britain does rather blind farmers to the real world. Under the EEC sheepmeat regime, as applied to the UK, a guide price is fixed and a subsidy paid to bridge the gap between the market price and the guide price. In addition, there is a headage payment on every ewe, which this year amounts to £5.17 for every lowland ewe in Britain. The sum of the deficiency payment and the ewe payment works out at about a third of the total earnings from sheep.

Compared with the demands of the milk, beef and arable sectors, the costs of the sheepmeat regime are minimal—no more than 2 per cent of the Community budget. French sheep farmers, who are particularly aware and aggressive, used to complain, with some justice, that most of the money went to Britain. But now the French enjoy a ewe premium and, once Spain's sheep become entitled to one, the British share will fall to less than 50 per cent.

The situation was materially altered about three years ago, when exports of lamb from Britain to other Community countries suffered a levy equivalent to the weekly premium, to which has been added a levy on ewes exported. The levies, or "clawbacks" as they are called, are not at present charged on exports to third countries, but there are moves to apply them to such exports in the future. If the French are successful in securing premiums on the British pattern, for which they are agitating, any advantage to the UK would probably vanish.

But although the costs to the Community of the sheepmeat regime are comparatively small, the Commission is reviewing the whole scheme in July, in an effort to contain the cost.

It may propose the replacement of the variable premium system for lamb with a universal new premium, and the structuring of this to favour farmers on small units, or in less favoured areas—changes which would certainly be opposed by British farmers.

In addition it will probably seek to influence the marketing pattern by limiting price support at periods of high seasonal supply.

Unfortunately, as I found last year, the fitness of lamb for the butcher is very much a seasonal factor. We no longer talk about fat, of course, but very few of my lambs were fit in June or July, so I sold them for further feeding on other farms. Almost everyone else had the same experience, and last winter the market price was well below the guide because of the heavy supplies that finally came to market. Prices rose briefly with the approach of Easter, but then fell back again.

I think, as a sheep farmer, this is warning sign of over-production on the home market—lambing reports have been very good so far this spring. There are no arrangements for selling sheepmeat into intervention in Britain, and farmers would have to bear the impact of whatever measures were imposed to discipline a very weak market. I am not very optimistic about the profitability of my healthy-looking lambs in the future.

LONDON MARKETS

COFFEE PRICES on the London futures market moved higher yesterday, catching up with New York's advance on Monday, when London was closed. The July position ended £30.50 up at £1,326.60 a tonne. The New York tone was also responsible for the weakness in the London sugar futures market, where nearby values closed $7 or $8 down from the pre-holiday level. On the London Metal Exchange the cash aluminium price lost more than half of last Thursday's advance with an £18.50 fall to £872 a tonne. Expectations that a substantial rise in LME warehouse stocks of aluminium would be announced for last week prompted heavy speculative selling early on. But news that the stocks rise was a very modest 225 tonnes prompted only a very modest rally. The tightness of supplies available for nearby delivery remained in evidence, with the cash position's premium over three months aluminium ending the day at £75.50 a tonne, although this was nearly £9 narrower than at the end of last week. Copper values also came under pressure as freer "lending" (selling cash and buying forward) narrowed the cash premium. The cash Grade A position closed £10 lower at £915 a tonne, while the three months position was only £8.75 down at £889.75 a tonne.

ALUMINIUM

Official closing (am): Cash 832-3 (890-1), three months 794.5 (806-7), settlement 833 (891). Final kerb close: 792-3. Turnover: 21,825 tonnes.

	Unofficial close (p.m.) £ per tonne	+ or −	High/Low
Cash	871-3	−18.5	874/870
3 months	796-7	−10	796/791

COPPER

[illegible]

LEAD

[illegible]

NICKEL

[illegible]

ZINC

[illegible]

GOLD

[illegible]

SILVER

[illegible]

COTTON

[illegible]

JUTE

[illegible]

INDICES

REUTERS

[illegible]

DOW JONES

[illegible]

MAIN PRICE CHANGES

[illegible]

SOYABEAN MEAL

[illegible]

COFFEE

[illegible]

COCOA

[illegible]

POTATOES

[illegible]

SUGAR

[illegible]

RUBBER

[illegible]

US MARKETS

SILVER FUTURES once again held centre stage as continued trade buying steadied the market, reports Drexel Burnham Lambert. Intermitten sell-offs came as a result of profit-taking, but the trend throughout the day remained steady. On the gold and platinum, however, the steadier dollar prompted profit-taking which eased prices following recent strength. Copper futures traded lower on commission house and trade selling despite an earlier rally on mixed buying. Crude oil futures remained steady throughout the day on a combination of light trade, commission house and producer buying which touched off light stops. Origin selling kept cocoa futures on the defensive. In coffee speculative and roaster buying steadied prices, but trade and origin selling pared gains. Good trade selling depressed sugar futures. In cotton futures commission house profit-taking and liquidation eased the market. Orange juice futures steadied on local buying which hit buy stops, but good scale-up trade selling prevented any major advance. Long liquidation and commercial selling eased maize futures and the soyabean complex. There was also a report that Brazil may sell up to 3m bushels of surplus maize during 1987. Wheat fell on long-liquidation reflecting lack of any confirmed sales to the Soviet Union and reports of improving crop prospects.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	Prev	High	Low
May	64.00	64.80	64.80	64.00
June	62.15	63.75	—	—
July	61.50	62.80	63.05	61.50
Sept	58.20	59.25	58.50	58.20
Dec	58.20	59.10	58.75	58.75
Jan	58.20	59.10	—	—
March	58.20	59.10	—	—

[illegible]

CHICAGO

[illegible]

SPOT PRICES

[illegible]

FREIGHT FUTURES

[illegible]

GRAINS

[illegible]

OIL

[illegible]

HEAVY FUEL OIL

[illegible]

GAS OIL FUTURES

[illegible]

MEAT

[illegible]

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar stays in narrow range

THE DOLLAR finished little changed in currency markets yesterday and was confined to a narrow range. Sentiment remained bearish but there was insufficient impetus to test central banks' apparent determination to support the dollar and there was no attempt to break through the important levels of DM1.80 and Y140.

The pattern of trading was set after dealers returned from the four day Easter break to find the US unit only marginally down from Thursday's levels, despite trading over some of that period in the US and Japan.

Many speculators were awaiting tomorrow's first quarter US GNP figures before making any attempt to push the dollar one way or the other. Consequently trading was confined to a relatively narrow range.

Comments by Mr James Baker, US Treasury Secretary, which stressed his satisfaction with current US monetary policy had only a small effect since traders remained concerned about the size of the US trade deficit and further tension caused by the strong protectionist lobby. There was also uncertainty about the next US Treasury refunding package, with the possibility of more restrained participation by Japanese investors causing concern.

The dollar closed at DM 1.8165 up from DM 1.8110, helped by reports of modest central bank intervention. It was lower against the yen at Y142.35 from Y142.95 but rose in terms of the Swiss franc to SF 1.4980 from SF 1.4920. It was also up against the French franc at FFr 6.0425 from FFr 6.0225. On Bank of England figures, the dollar's exchange rate index finished at 100.9 from 101.1.

STERLING—Trading range against the dollar in 1987 is 1.6340 to 1.4710. March average 1.5926. Exchange rate index 72.5, unchanged from the opening but up from Thursday's close of 72.4. The six months ago figure was 67.8.

Sterling remained quietly firm, underpinned by expectations of further opinion polls to support the Conservative Party and recent encouraging economic data. The pound rose to $1.6340 from $1.6310 and DM 2.9675 from DM 2.9525. It was easier against the yen at Y232.50 from Y233.25 but improved elsewhere to SF 2.44 from SF 2.4350 and FFr 9.8725 from FFr 9.8225.

D-MARK—Trading range against the dollar in 1987 is 1.9350 to 1.7870. March average 1.8355. Exchange rate index 146.3 against 142.3 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar was quoted at DM 1.8084 compared with DM 1.8162 on Thursday. Trading was confined to a narrow range during the afternoon as dealers awaited further developments.

The dollar closed at DM 1.8090 compared with DM 1.8160 on Thursday.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 141.10. March average 151.41. Exchange rate index 223.9 against 214.2 six months ago.

Trading was fairly subdued in Tokyo and the dollar continued its downward path to close at Y142.10 compared with Y142.15 in New York and Y142.95 in Tokyo on Monday. Comments by Mr James Baker may have prompted a little short covering during the afternoon as did limited intervention by the Bank of Japan but the dollar's overall sentiment remained bearish.

£ IN NEW YORK

Apr 21	Latest	Previous Close
£ Spot	1.6370-1.6380	1.6340-1.6350
1 month	0.42-0.39 pm	0.41-0.40 pm
3 months	1.15-1.10 pm	1.15-1.12 pm
12 months	3.30-3.20 pm	3.38-3.28 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Apr. 21	Previous
8.30	am	72.5	72.3
9.00	am	72.5	72.3
10.00	am	72.4	72.3
11.00	am	72.5	72.4
Noon		72.5	72.3
1.00	pm	72.5	72.3
2.00	pm	72.5	72.3
3.00	pm	72.5	72.3
4.00	pm	72.5	72.4

CURRENCY RATES

Apr. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.79091	0.702502
U.S. Dollar	5.5	1.2942	1.14943
Canadian $	7.90	*	1.52151
Austrian Sch.	4	16.4552	14.6179
Belgian Franc	8	48.4597	43.0549
Danish Krone	7	8.82036	7.82879
Deutsche Mark	3.0	2.3404	2.07875
Neth. Guilder	4½	N/A	2.34484
French Franc	9½	7.7844	6.91672
Italian Lira	11.5	N/A	1482.19
Japanese Yen	2½	184.03	163.105
Norway Krone	8	N/A	7.73741
Spanish Peseta	—	"	145.748
Swedish Krona	7½	"	7.23611
Swiss Franc	3.5	"	1.70748
Greek Drach.	20½	"	152.990
Irish Punt	—	0.87561	0.777695

*CS/SDR rate for April 20: 1.70375

CURRENCY MOVEMENTS

April 21	Bank of England Index	Morgan Guaranty Changes %
Sterling	72.5	−21.0
U.S. Dollar	100.9	−6.0
Canadian Dollar	78.0	−10.1
Austrian Schilling	137.6	+9.9
Belgian Franc	100.0	−4.6
Danish Krone	92.9	+3.1
Deutsche Mark	146.3	+21.2
Swiss Franc	174.2	+23.5
Guilder	134.5	+13.9
French Franc	71.6	−12.9
Lira	47.9	−17.1
Yen	223.9	+66.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Apr. 21	£	$
Argentina	2.5105-2.5220	1.5350-1.5410
Australia	2.2980-2.3010	1.4050-1.4060
Brazil	38.4700-38.6870	23.5220-23.6400
Finland	7.1910-7.2010	4.3950-4.3980
Greece	215.80-219.55	131.95-134.15
Hong Kong	12.7510-12.7720	7.7975-7.7995
Iran	116.30*	70.90*
Korea (Sth)	1364.55-1376.85	835.20-842.00
Kuwait	0.44330-0.44398	0.27110-0.27120
Luxembourg	61.15-61.25	37.40-37.50
Malaysia	4.0445-4.0540	2.4735-2.4755
Mexico	1887.80-1908.50	1167.00-1173.00
N. Zealand	2.8385-2.8460	1.7360-1.7390
Saudi Ar.	6.1325-6.1375	3.7495-3.7505
Singapore	3.4870-3.4960	2.1330-2.1350
S. Af. (Cm)	3.2520-3.2725	1.9940-1.9980
S. Af. (Fn)	4.9575-5.1120	3.0305-3.1250
Taiwan	54.70-55.00	33.55-33.65
U.A.E.	6.0065-6.0115	3.6725-3.6735

*Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.0549	+1.41	+0.87	± 1.5344
Danish Krone	7.85212	7.82879	−0.30	−0.84	± 1.6404
German D-Mark	2.05853	2.07875	+0.98	+0.44	± 1.0981
French Franc	6.90403	6.91672	+0.18	−0.36	± 1.3674
Dutch Guilder	2.31943	2.34484	+1.10	+0.56	± 1.5012
Irish Punt	0.768411	0.777695	+1.21	+0.67	± 1.6684
Italian Lira	1483.58	1482.19	−0.09	−0.09	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST THE POUND

Apr. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6335-1.6385	1.6335-1.6345	0.45-0.42c pm	3.19	1.12-1.07 pm	2.68
Canada	2.1605-2.1670	2.1630-2.1640	0.45-0.36c pm	2.25	0.97-0.84 pm	1.67
Netherlands	3.33½-3.35½	3.34½-3.35½	1⅝-1¼c pm	4.70	3¾-3½ pm	4.25
Belgium	61.15-61.38	61.15-61.25	19-12c pm	3.04	46-35 pm	2.65
Denmark	11.13-11.17¼	11.14¼-11.15¼	¼-1 ore dis	−0.67	1¼-2½ dis	−0.76
Ireland	1.1050-1.1095	1.1075-1.1085	0.12-0.22 p dis	−1.84	0.29-0.63 dis	−1.66
W. Germany	2.95½-2.97¼	2.96¼-2.97¼	1⅝-1½pf pm	6.07	4⅛-4pm	5.56
Portugal	227.85-229.05	227.85-228.80	59-145c dis	−5.36	252-381 dis	−5.55
Spain	207.30-207.77	207.40-207.70	85-100c dis	−5.29	265-300 dis	−5.44
Italy	2107-2116½	2115½-2116½	3-1 lire pm	1.19	5-par pm	0.47
Norway	11.00¾-11.09	11.08½-11.09½	4⅛-4⅞ ore dis	−4.90	12¾-13½ dis	−4.70
France	9.83¾-9.87¼	9.86¾-9.87¾	1¼-1⅛ c pm	1.75	4-3 c pm	1.42
Sweden	10.29¾-10.32¼	10.29¾-10.30¾	⅛-¼ ore pm	−0.58	⅞ pm-⅛ dis	−0.02
Japan	232-233	232-233	1½-1⅛ y pm	6.45	3⅞-3⅝ y pm	5.59
Austria	20.77-20.82	20.77-20.80	11-9¼ gro pm	5.99	28⅛-25⅞ pm	5.21
Switzerland	2.42¾-2.44½	2.43½-2.44½	1½-1⅛ c pm	6.76	3⅞-3⅝ pm	5.84

Belgian rate is for convertible francs. Financial franc 61.45-61.55. Six-month forward dollar 1.95-1.90 c pm. 12-month 3.13-3.03 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Apr. 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6335-1.6385	1.6335-1.6345	0.45-0.42c pm	3.19	1.12-1.07pm	2.68
Ireland†	1.4735-1.4786	1.4750-1.4760	0.75-0.70c pm	5.88	1.85-1.72 pm	4.83
Canada	1.3210-1.3245	1.3230-1.3240	0.08-0.11c dis	−0.86	0.29-0.32 dis	−0.92
Netherlands	2.0365-2.0500	2.0430-2.0500	0.28-0.25c pm	1.56	0.83-0.78pm	1.58
Belgium	37.40-37.52	37.40-37.50	1pm-2 c dis	−0.16	2pm-3 dis	−0.05
Denmark	6.80½-6.82½	6.82-6.82½	1.65-2.35ore dis	−3.52	5.20-5.90 dis	−2.47
W. Germany	1.8040-1.8170	1.8160-1.8170	0.47-0.44pf pm	3.02	1.36-1.31 pm	2.95
Portugal	139¾-140¼	140¼-140½	75-125c dis	−8.59	250-325 dis	−8.23
Spain	126.70-127.05	126.95-127.05	105-115c dis	−10.41	280-305 dis	−9.23
Italy	1289-1296	1294¼-1295¼	2.00-2.50lire dis	−2.09	6.00-7.00 dis	−2.02
Norway	6.72¾-6.76¾	6.73½-6.74	4.60-4.90ore dis	−8.47	12.50-13.00dis	−7.58
France	6.00¾-6.04½	6.04-6.04½	0.65-0.80c dis	−1.45	1.70-2.05 dis	−1.25
Sweden	6.28¾-6.30¼	6.30¼-6.30¾	1.35-1.65ore dis	−2.86	4.15-4.55dis	−2.76
Japan	141.70-142	142.30-142.40	0.38-0.34y pm	3.17	1.08-1.03 pm	2.97
Austria	12.69½-12.74¼	12.74¼-12.74¾	3.00-2.50gro pm	2.60	8.50-7.50 pm	2.52
Switzerland	1.4815-1.4905	1.4925-1.4935	0.48-0.43c pm	3.68	1.21-1.16 pm	3.19

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 37.60-37.70.

EURO-CURRENCY INTEREST RATES

Apr. 21	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-9⅝	9⅞-9⅝	9⅞-9¾	9⅝-9½	9⅝-9½	9⅝-9½
U.S. Dollar	6⅝-6½	6½-6⅜	6⅝-6½	6⅞-7	7⅛-7	7½-7⅜
Can. Dollar	6¾-7	7-7¼	7⅜-7½	7⅝-7¾	7⅞-8	8⅛-8¼
D. Guilder	3½-4	5⅛-5⅛	5¼-5⅜	5⅛-5⅜	5⅛-5⅜	5⅛-5⅜
Sw. Franc	2¼-2½	1½-1⅝	3¼-3⅜	3⅞-3⅝	3⅞-3⅝	3⅞-3⅝
Deutschmark	3⅞-3⅝	3⅞-3⅝	3⅞-3⅝	3⅞-3⅝	3⅞-4	3⅞-4⅛
Fr. Franc	7¼-7½	7⅞-8⅛	8-8⅛	8⅛-8¼	8⅛-8⅛	8⅛-8⅛
Italian Lire	7½-9½	7¾-8¾	8⅞-8⅞	8¾-9¼	9⅜-9⅝	10-10⅜
B. Fr. (Fin.)	7⅛-7⅞	7-7¼	7⅛-7⅛	7⅛-7¼	7⅛-7⅛	7⅛-7¼
B. Fr. (Con.)	6¾-7¼	7-7¼	7-7¼	7-7½	7-7¼	7⅛-7½
Yen	4⅞-4¼	3⅞-3⅞	3⅞-4⅛	4⅛-4¼	4-4⅛	4-4⅛
D. Krone	9⅞-10⅞	9⅞-10⅞	10½-10⅞	10-10½	10⅛-10⅞	10½-11
Asian $Sing.	1½-2	N/A	3⅛-3½	3⅛-3½	3⅞-3⅝	4-4⅛

Long-term Eurodollars: Two years 7⅛-8¼ per cent; three years 8⅛-8⅜ per cent; four years 8⅜-8⅝ per cent; five years 8⅝-8⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr. 21	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.634	2.968	232.4	9.873	2.440	3.350	2116.	2.164	61.20
$	0.612	1.	1.817	142.2	6.043	1.493	2.050	1295.	1.324	37.45
DM	0.337	0.551	1.	78.30	3.327	0.822	1.129	713.1	0.729	20.62
YEN	4.299	7.025	12.76	1000.	42.44	10.49	14.40	9097.	9.301	263.1
F Fr.	1.013	1.655	3.006	235.6	10.	2.472	3.393	2143.	2.191	61.99
S Fr.	0.410	0.670	1.216	95.33	4.046	1.	1.373	867.2	0.887	25.08
H Fl.	0.299	0.488	0.886	69.43	2.947	0.728	1.	631.6	0.646	18.27
Lira	0.473	0.772	1.402	109.0	4.666	1.153	1.583	1000.	1.022	28.92
C $	0.462	0.755	1.372	107.5	4.563	1.128	1.548	978.0	1.	28.29
B Fr.	1.634	2.670	4.849	380.1	16.13	3.987	5.474	3458.	3.535	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Setback for Treasury bonds

INTEREST RATE contracts weakened on the London International Financial Futures Exchange yesterday.

Trading was fairly quiet, after the Easter holiday, with US Treasury bonds falling sharply, reflecting a reversal of sentiment in Chicago on Monday.

The downturn continued in Chicago yesterday, as dealers showed growing concern about weakness of the dollar possibly leading to rising inflation and higher US interest rates.

June delivery bonds opened weak at 92-08, in line with the overnight fall in Chicago. This proved to be the day's high however, and the contract declined to a low of 90-20, before closing at 91-02, compared with 94-05 on Thursday.

A report at the weekend that Mr Paul Volcker, chairman of the Federal Reserve Board, favours tighter credit policy to counter rising inflation helped to sweep away the more confident undertone seen at the end of last week.

The move into gold on Monday in New York, and the strength of precious metals in early European trading yesterday, was also regarded as an indication of nervousness about financial instruments.

June long-term gilts opened weaker at 123-00, in sympathy with dollar denominated futures. This was near the day's high of 123-04, and after falling to a low of 122-19 June gilts closed at 122-26, against 123-06 on Thursday.

Trading began on Liffe in a revised US Treasury bond futures contract for September delivery, equalising the theoretical economic value of the Liffe contract with that of the Chicago Board of Trade. Liffe will use the Chicago settlement price as the Liffe exchange delivery settlement price, and bring its delivery timings in line with the CBOT.

Mr Michael Jenkins, chief executive of Liffe, said: "This is the first step towards the fungible link between Liffe and the CBOT, which was announced on February 9."

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
112	10.52	11.02	0.00	0.14
114	8.53	9.14	0.01	0.26
116	6.55	7.33	0.03	0.45
118	4.62	5.62	0.10	1.10
120	3.18	4.38	0.30	1.50
122	1.59	3.30	1.07	2.42
124	0.60	2.33	2.08	3.45
126	0.26	1.49	3.38	4.61

Estimated volume total, Calls 719 Puts 367
Previous day's open int: Calls 24,316 Puts 12,384

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last June	Calls—Last Sept	Puts—Last June	Puts—Last Sept
90	2.27	3.41	1.23	3.31
92	1.23	2.42	2.19	4.32
94	0.40	1.60	3.36	5.50
96	0.16	1.25	5.12	7.15
98	0.07	0.62	7.03	8.52
100	0.02	0.42	8.62	10.32
102	0.01	0.28	10.61	12.18
104	0.00	0.18	12.60	14.08

Estimated volume total, Calls 37 Puts 52
Previous day's open int: Calls 950 Puts 814

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Apr	Calls—Last May	Puts—Last Apr	Puts—Last May
19250	2.51	5.00	0.96	3.45
19500	1.20	3.80	2.15	4.75
19750	0.46	2.78	3.91	6.23
20000	0.14	1.98	6.09	7.93
20250	0.03	1.36	8.48	9.81
20500	0.01	0.91	10.96	11.86
20750	0.00	0.59	13.45	14.04
21000	0.00	0.37	15.95	16.32

Estimated volume total, Calls 51 Puts 0
Previous day's open int: Calls 325 Puts 254

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.30	—	33.55	—	33.55	—	0.00	—	0.00
1.35	—	28.55	—	28.55	—	0.00	—	0.01
1.40	23.55	23.55	—	23.55	0.00	0.00	—	0.04
1.45	18.55	18.55	—	18.55	0.00	0.00	—	0.18
1.50	13.55	13.55	13.55	13.55	0.00	0.02	0.10	0.60
1.55	8.55	8.55	8.55	8.55	0.02	0.23	0.51	1.54
1.60	3.62	4.04	4.33	5.23	0.40	1.19	1.76	3.28

Estimated volume total, Calls 0 Puts 0
Previous day's open int, Calls 1,298, Puts 1,362

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.35	—	13.90	—	13.90	—	0.80	—	1.60
1.40	17.90	17.80	—	17.70	0.30	0.45	—	1.05
1.45	12.90	12.90	—	12.70	0.60	0.80	—	1.50
1.50	13.80	13.80	13.80	13.80	0.20	0.25	0.25	0.70
1.55	8.80	8.80	8.80	9.00	0.20	0.35	0.60	1.45
1.60	4.00	4.10	4.40	5.30	0.50	1.20	1.75	3.00
1.65	0.75	1.45	1.90	2.80	2.45	3.40	4.15	5.60

Previous day's open int: Calls 934 Puts 1292 Volume: 75

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last May	June	July	Sept.	Puts—Last May	June	July	Sept.
1.400	—	23.40	—	23.40	—	—	—	0.05
1.450	18.40	18.40	—	18.40	—	0.05	—	0.15
1.475	15.90	15.90	—	25.90	—	0.05	—	0.25
1.500	13.40	13.40	—	13.40	—	0.05	—	0.40
1.525	10.90	10.90	10.90	10.90	—	0.05	0.25	0.80
1.550	8.40	8.40	—	8.60	0.05	0.10	0.45	1.20
1.575	5.90	5.90	6.10	6.60	0.05	0.40	0.85	1.90

Previous day's open int: Calls 68,170 Puts 53,376
Previous day's volume, Calls 8,217 Puts 2,240

LIFFE—EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last June	Sept.	Dec.	Mar.	Puts—Last June	Sept.	Dec.	Mar.
92.25	0.48	0.46	0.48	—	0.06	0.35	0.58	—
92.50	0.30	0.33	0.36	—	0.13	0.47	0.71	—
92.75	0.16	0.22	0.26	—	0.24	0.61	0.86	—
93.00	0.07	0.14	0.19	—	0.40	0.78	1.04	—
93.25	0.03	0.09	0.13	—	0.61	0.98	1.23	—
93.50	0.01	0.05	0.08	—	0.84	1.19	1.43	—
93.75	0.00	0.02	0.05	—	1.08	1.41	1.66	—

Previous day's open int: Calls 405, Puts 899
Estimated volume, Calls 213, Puts 0

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
June	122.26	123.04	122.19	123.06
Sept.	122.26	123.05	123.05	123.06
Dec.	122.27	—	—	123.07

Estimated volume 13,010 (20,461)
Previous day's open int. 20,795 (21,879)

10% NATIONAL SHORT GILT
£100,000 64ths of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 0 (0)
Previous day's open int. 0 (0)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 2,422 (3,868)
Previous day's open int. 24,935 (25,080)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int. [illegible]

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume [illegible]
Previous day's open int. [illegible]

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

IMM—STERLING Se per £

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

Estimated Volume 0 (0)
Previous day's open int. 237 (237)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
June	90-27	92-02	90-24	92-18
Sept.	89-28	91-02	89-25	91-19
Dec.	88-31	90-04	88-31	90-22
Mar.	88-08	89-06	88-08	89-27
June	87-16	88-09	87-16	89-02
Sept.	86-25	87-16	86-25	88-11
Dec.	86-06	86-22	86-06	87-22
Mar.	—	—	—	87-03
June	—	—	—	86-16
Sept.	—	—	—	85-30
Dec.	—	—	—	85-14

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]
Mar.	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept.	[illegible]	[illegible]	[illegible]	[illegible]
Dec.	[illegible]	[illegible]	[illegible]	[illegible]

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
June	0.7076	0.7083	0.7064	0.7055
Sept.	0.7126	0.7135	0.7120	0.7107
Dec.	0.7185	0.7188	0.7180	0.7163
Mar.	0.7250	0.7250	0.7240	0.7223
June	0.7302	0.7302	0.7302	0.7287

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	0.5547
Sept.	[illegible]	[illegible]	[illegible]	0.5588
Dec.	[illegible]	[illegible]	[illegible]	0.5629

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	92.80
Sept.	[illegible]	[illegible]	[illegible]	92.51
Dec.	[illegible]	[illegible]	[illegible]	92.31
Mar.	[illegible]	[illegible]	[illegible]	92.11
June	[illegible]	[illegible]	[illegible]	92.93
Sept.	[illegible]	[illegible]	[illegible]	91.75
Dec.	[illegible]	[illegible]	[illegible]	91.57
Mar.	[illegible]	[illegible]	[illegible]	91.39

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
June	[illegible]	[illegible]	[illegible]	287.40
Sept.	[illegible]	[illegible]	[illegible]	289.15
Dec.	[illegible]	[illegible]	[illegible]	290.90
Mar.	[illegible]	[illegible]	[illegible]	292.25

MONEY MARKETS

Slight easing

THERE WAS a slight easing of interest rates on the London money market yesterday, with three-month interbank falling to 9$\frac{11}{16}$-9$\frac{11}{16}$ per cent from 9⅞-9¾ per cent.

Trading was very quiet, as dealers awaited today's UK money supply figures, and a possible very large credit shortage at the end of the week as delayed VAT payments are cleared.

The Bank of England initially forecast a money market shortage of £350m, but revised this to £400m at noon, and to £550m in the afternoon. Total help of £561m was provided.

UK clearing bank base lending rate 10 per cent since March 18-19

Before lunch the authorities bought £378m bills outright, by way of £220m bank bills in band 1 at 9⅞ per cent; £9m local authority bills in band 2 at 9$\frac{13}{16}$ per cent; £139m bank bills in band 2 at 9$\frac{13}{16}$ per cent; £8m bank bills in band 3 at 9¾ per cent; and £2m bank bills in band 4 at 9$\frac{11}{16}$ per cent.

In the afternoon the Bank of England purchased another £183m bills outright, through £80m bank bills in band 1 at 9⅞ per cent; £8m bank bills in band 2 at 9$\frac{13}{16}$ per cent; and £95m bank bills in band 3 at 9¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,124m, with bank balances below target absorbing £70m. These outweighed Exchequer transactions adding £585m to liquidity, and a fall in the note circulation of £245m.

In Frankfurt the West German Bundesbank offered liquidity to the banking system through a 28-day securities agreement tender at a fixed rate of 3.80 per cent.

The tender will take place today, and banks will receive the funds tomorrow. It was not expected that the central bank would fully replace the DM 8.8bn draining from the system as an earlier agreement expires.

Market estimates were for an allocation at the tender of about DM 3bn to DM 4bn, tightening conditions slightly, and preventing call money from falling below yesterday's level of 3.70 per cent.

In Brussels speculation increased about a possible cut in the Belgian National Bank's discount rate by up to ½ per cent to 7½ per cent after the central bank cut interest rates on Treasury certificates. The one-month rate was reduced by 0.15 per cent to 7.15 per cent; the two-month rate by 0.10 per cent to 7.20 per cent; and the three-month rate by 0.05 per cent to 7.25 per cent.

The last cut in the discount rate was by ½ point on March 11, and the key three-month Treasury certificate rate has since been reduced three times.

The Belgian franc was under no pressure in spite of remaining the weakest member of the European Monetary System yesterday.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 21) 3 months U.S. dollars: bid 6⅝, offer 7. 6 months U.S. dollars: bid 7, offer 7⅛.

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	7¾	One month	5.60
Broker loan rate	7½	Two month	5.71
Fed. funds	6⅜	Three month	5.81
Fed. funds at intervention	6⅜	Six month	6.08
		One year	6.59
		Two year	7.24
		Three year	7.52
		Four year	7.86
		Five year	8.13
		Seven year	8.23
		10 year	8.32
		30 year	8.51

Apr. 21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.65-3.75	3.75-3.85	3.75-3.85	3.80-3.90	3.80-3.95	5.0
Paris	7⅞-7¾	7¾-8	—	7⅞-8	7⅞-8	7¾
Zurich	3-3¼	3-3¼	—	3⅞-3⅝	—	—
Amsterdam	3⅞-4	5⅛-5¼	—	5⅛-5¼	—	—
Tokyo	3.53125	3.84375	—	—	—	—
Milan	10¼-10½	10-10½	—	10-10½	—	—
Brussels	6½-7	7-7¼	—	7⅛-7¼	—	—
Dublin	12⅞-13	12½-12⅞	12¼-12½	12¼-12⅞	11⅞-12⅛	—

LONDON MONEY RATES

Apr. 21	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 9⅞ per cent; three months 9$\frac{13}{32}$ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9$\frac{11}{16}$ per cent; Treasury Bills: Average tender rate of discount 9.4619 p.c. ECGD Fixed Finance Scheme IV reference date February 28 to March 31 (inclusive): 10.053 per cent. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from April 1, 1987; Bank Deposit Rates for sums at seven days' notice 5 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 9 per cent; one-three months 9¾ per cent; three-six months 9½ per cent; six-nine months 9½ per cent; nine-12 months 9½ per cent. Under £100,000 9 per cent from April 16. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

Legal Notices

NOTICE OF A MEETING OF CREDITORS
UNITED PARCEL SERVICES (HOLDINGS) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98(1) of the Insolvency Act 1986, that a Meeting of the creditors of the above-named Company will be held at The Royal Angus Thistle Hotel (Wroxton Suite), St. Chads Queensway, Birmingham B4 6HY, on Thursday the 30th day of April 1987 at 2.30 o'clock in the afternoon for the purposes mentioned in Sections 100 and 101 of the said Act.

NOTICE IS ALSO HEREBY GIVEN, pursuant to Section 98(2) of the Insolvency Act 1986, that the offices of Kidsons, Bank House, 8 Cherry Street, Birmingham B2 5AD, is the place where on or from Tuesday the 28th day of April 1987, a list of the names and addresses of the above Company's Creditors will be available for inspection free of charge. Alternatively, Creditors may also contact either Hedley C. Brink or Richard P. Reedie of Kidsons at the above address (Tel No. 021-643 9771 or Telex No. 338973) in order to obtain, free of charge, such information as they may reasonably require concerning the Company's affairs.

Dated this 2nd day of April 1987.
By Order of the Board.
N. A. SPEARING,
Director.

Company Notices

BANQUE NATIONALE DE PARIS
US$250,000,000 floating rate notes due 1997

Applicable interest rate for the interest period from 21st April up to 21.7.87 as determined by the reference agent is 7$\frac{5}{16}$ per cent per annum namely US$1,848.44 per bond of US$100,000.

NOTICE TO COMPANY OF APPOINTMENT OF ADMINISTRATIVE RECEIVER PURSUANT TO SECTION 46(1) (a) OF THE INSOLVENCY ACT 1986
Company Number: 1811525
Name of Company:
MATEVAL INTERNATIONAL LIMITED

We CYRIL W. NIELD and CHRISTOPHER J. HUGHES of St James's House, Charlotte Street, Manchester M1 4DZ hereby give notice that on the 13th day of April 1987 we were appointed joint administrative receivers of the above named company by National Westminster Bank plc under the terms of a debenture dated 22 June 1984 giving the holders a fixed and floating charge over the whole of the assets of the company.
CYRIL W. NIELD

NOTICE TO COMPANY OF APPOINTMENT OF ADMINISTRATIVE RECEIVER PURSUANT TO SECTION 46(1) (a) OF THE INSOLVENCY ACT 1986
Company Number: 1159190
Name of Company: MATEVAL LIMITED

We CYRIL W. NIELD and CHRISTOPHER J. HUGHES of St James's House, Charlotte Street, Manchester M1 4DZ hereby give notice that on the 13th day of April 1987 we were appointed joint administrative receivers of the above named company by National Westminster Bank plc under the terms of a debenture dated 14th October 1974 giving the holders a fixed and floating charge over the whole of the assets of the company.
CYRIL W. NIELD

WORLD MARKETS

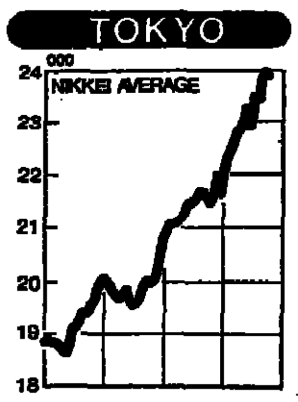
FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

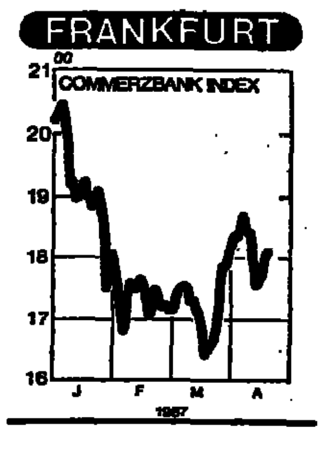
NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping — MONDAY APRIL 20 1987	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	1987 High	1987 Low	Year ago (approx)
	20					DOLLAR INDEX		
Australia (94)	134.48	+0.0	122.24	125.13	2.89	134.48	99.92	93.79
Austria (16)	92.54	+0.0	84.12	87.01	2.14	101.62	91.97	86.39
Belgium (47)	118.09	+0.0	107.34	110.08	4.27	120.40	96.19	80.31
Canada (131)	130.88	+0.1	118.97	124.96	2.23	136.17	100.00	100.10
Denmark (39)	112.45	+0.0	102.22	105.15	2.40	124.10	98.18	108.92
France (122)	118.60	+0.0	107.80	112.04	2.35	120.79	98.39	88.93
West Germany (90)	93.90	+0.0	85.35	88.41	2.11	100.33	84.00	94.95
Hong Kong (45)	103.15	+0.0	93.76	103.32	3.18	114.71	96.89	72.74
Ireland (14)	118.17	+0.0	107.42	113.01	3.76	131.44	99.50	91.73
Italy (76)	108.97	+0.0	99.06	105.03	1.55	108.97	94.76	90.44
Japan (458)	156.09	−0.1	141.88	141.04	0.46	156.19	100.00	72.68
Malaysia (36)	147.29	+0.1	133.89	140.83	2.72	147.29	98.24	71.52
Mexico (14)	159.57	+0.0	145.05	201.07	1.01	159.57	99.72	50.59
Netherland (38)	115.49	+0.0	104.98	107.67	4.11	118.24	99.65	88.70
New Zealand (27)	96.05	+0.0	87.30	87.90	3.08	100.59	83.93	71.63
Norway (25)	130.14	+0.0	118.30	120.34	1.97	131.74	100.00	106.05
Singapore (27)	122.00	+1.0	110.90	120.01	1.96	122.51	99.29	58.53
South Africa (61)	174.37	+0.0	158.50	120.07	3.31	186.74	100.00	99.88
Spain (43)	115.03	+0.0	104.56	110.93	3.27	121.31	100.00	81.65
Sweden (33)	118.64	+0.0	107.84	111.00	2.07	118.64	90.85	91.42
Switzerland (51)	97.76	+0.0	88.86	90.42	1.90	104.06	93.26	85.56
United Kingdom (342)	128.75	+0.0	117.03	117.03	3.57	133.88	99.65	101.23
USA (598)	117.37	−0.3	106.69	117.37	3.12	124.06	100.00	102.89
Europe (936)	114.81	+0.0	104.36	106.50	2.92	115.20	99.78	94.58
Pacific Basin (687)	153.32	−0.1	139.37	139.09	0.61	153.41	100.00	73.38
Euro—Pacific (1623)	137.95	+0.0	125.40	126.14	1.38	138.01	100.00	81.74
North America (729)	118.09	−0.2	107.34	117.80	3.07	124.60	100.00	102.74
World Ex. US (1829)	138.11	+0.0	125.54	126.13	1.43	138.15	100.00	82.55
World Ex. UK (2085)	130.13	−0.1	118.29	123.67	1.88	130.29	100.00	89.53
World Ex. So. Af. (2366)	129.72	−0.1	117.91	123.03	2.02	129.86	100.00	90.46
World Ex. Japan (1969)	117.61	−0.1	106.91	113.97	3.02	121.08	100.00	99.05
The World Index (2427)	130.00	−0.1	118.17	123.03	2.03	130.15	100.00	90.52

Base values: Dec 31, 1986 = 100

TOKYO



FRANKFURT



EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$390	35	67	—	—	—	—	$451.30
GOLD C	$400	9	57	35	65	—	—	"
GOLD C	$420	358	35.50	78	45.90	13	59	"
GOLD C	$440	636	22.50	351	37	31	44	"
GOLD C	$460	329	11.40	422	25.90	37	36	"
GOLD C	$480	351	5.50	145	18	423	27	"

TOTAL VOLUME IN CONTRACTS: 32,711

A=Ask B=Bid C=Call P=Put

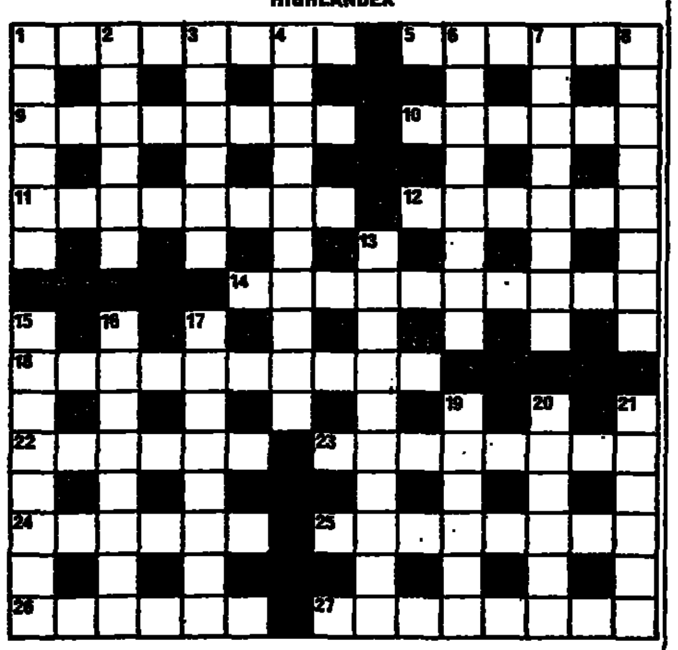
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	● Morgan Grenfell	10
Adam & Company	10	Citibank NA	10	Mount Credit Corp. Ltd	10
Allied Arab Bk Ltd	10	Citibank Savings	¶12.45	Nat Bk. of Kuwait	10
Allied Dunbar & Co	10	City Merchants Bank	10	National Girobank	10
Allied Irish Bank	10	Clydesdale Bank	10	Nat Westminster	10
American Exp. Bk	10	Comm. Bk. N. East	10	Northern Bank Ltd	10
Amro Bank	10	Consolidated Cred	10	† Norwich Gen. Trust	10
Henry Ansbacher	10	★ Co-operative Bank	10	PK Finans. Intl (UK)	10½
ANZ Banking Group	10	Cyprus Popular Bk	10	Provincial Trust Ltd	11
Associates Cap Corp	11	Duncan Lawrie	10	R. Raphael & Sons	10
Authority & Co Ltd	10½	E. T. Trust	11	Roxburghe G'rantee	10½
Banco de Bilbao	10	Equatorial Tst C'p plc	10	Royal Bk of Scotland	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Royal Trust Bank	10
Bank Leumi (UK)	10	Financial & Gen. Sec	10	Smith & Williamson Secs	10
Bank Credit & Comm	10	First Nat. Fin. Corp	11	Standard Chartered	10
Bank of Cyprus	10	First Nat. Sec. Ltd	11	Trustee Savings Bank	10
Bank of Ireland	10	● Robert Fleming & Co	10	UDT Mortgage Exp.	¶11.1
Bank of India	10	Robert Fraser & Ptrs	11½	United Bk of Kuwait	10
Bank of Scotland	10	Grindlays Bank	‡10	United Mizrahi Bank	10
Banque Belge Ltd	10	● Guinness Mahon	10	Unity Trust PLC	9½
Barclays Bank	10	HFC Trust & Savings	10	Westpac Banking Corp	10
Benchmark Tst Ltd	10	● Hambro Bank	10	Whiteaway Laidlaw	10½
Beneficial Trust Ltd	11	Heritable & Gen. Tst	10	Yorkshire Bank	10
Berliner Bank AG	10	● Hill Samuel	§10		
Brit. Bk. of Mid. East	10	C. Hoare & Co	10		
● Brown Shipley	10	Hongkong & Shangh'	10		
Business Mortgage Tst	10	Lloyds Bank	10		
Cl. Bank Nederland	10	Mase Westpac Ltd	10		
Canada Permanent	10	Meghraj & Sons Ltd	10		
Cayzer Ltd	10	Midland Bank	10		

● Members of the Accepting Houses Committee. ★ 7-day deposits 5.35%. Savewise 8.03%. Top Tier—£2,500+ at 3 months' notice 9.38%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 5¼% gross. ¶ Mortgage base rate. § Demand deposit 5.35%. Mortgage 11.25%.

FT CROSSWORD PUZZLE No. 6,308

HIGHLANDER



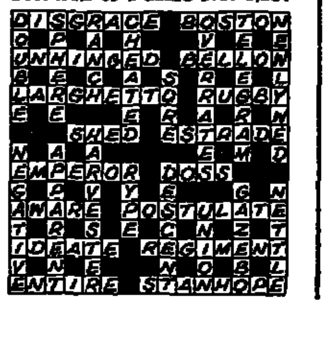
ACROSS

1 The way in which following teams provides minor amusement (8)
5 Crush *or something stronger?* (6)
9 Fashionable address by roundabout (8)
10 Substitute is playing (6)
11 It *flowers when a people* pursue revolution, mostly (8)
12 Enter to the sound of battle with family (4,2)
14 Possibly one artist's sources of paper (10)
18 Can't be dealt with in theatre—it's impractical (10)
22 If champ takes first two points, give up (6)
23 Developing fowl's environment encourages suffering (8)
24 This girl is a charmer when speaking (6)
25 Going to see little Violet and Carol about it (8)
26 Appropriate vehicle for one's position in life (6)
27 House engineering employees in temporary shelter (8)

DOWN

1 Starting *sweaty irritation?* Change! (6)
2 Knock off limited edition in the Tube (6)
3 Cry—it causes great amusement (6)
4 Horse and cart arranged on left of a group of musicians (10)
6 A parrot bird or two can be heard (8)
7 Brawny, stupid lot (8)
8 I'm royal but that's slightly off the point (8)
13 Prison camp baby is growing up in cave (10)
15 Vital connection between leading lion-tamer and one of cats (8)
16 Ottoman social worker lying down on coat of arms (8)
17 Solemn as always during the opening (8)
19 Hope for a summit (6)
20 Greengrocer is expecting delivery will include this sort of cherry (6)
21 Old promise presents difficult situation (6)

Solution to Puzzle No. 6,307



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	271.1	288.4xd	-0.3	5.19
(Accum Units)	335.9	357.3	-0.4	5.19
UK Growth	335.4	356.8xd	+0.9	2.69
(Accum Units)	357.3	380.1	+1.0	2.69

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst	39.6	41.9	—	1.79
MLA Income Trust	53.9	57.1	+0.2	3.96
MLA Int	61.2	64.8xd	+0.1	0.82
MLA Gilt Unit Tst	25.4	26.3	—	10.08
MLA European Trust	35.1	37.2xd	—	0.67
MLA American Tst	27.0	28.6	+0.2	0.89
MLA Emerging Mkts. Tst	23.9	25.3	—	0.70

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&F xd Inc	117.3	121.4xd	—	7.17
Growth Units	96.5	102.5	—	2.62
High Income Unit	136.5	144.0xd	—	3.95
High Yielding Gilt Uts	61.7	65.3	—	8.01
Intl Growth Unit Tst	136.1	145.0	—	0.55
UK Smaller Cos	108.7	115.6	—	1.98
North American	80.7	85.8	—	0.42
Far East	138.5	147.2	—	0.02

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income April 13	296.0	314.9xd	—	3.55
General April 13	231.8	246.6xd	—	2.39
International April 13	155.0	164.9xd	—	0.64
Global Inc Fd April 13	48.6	51.7xd	—	5.08

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	164.3	173.8xd	—	4.18

Mercury Fund Managers Ltd (c)

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley on Thames 0491 576868

International Growth	300.9	321.2	—	0.97
Income	221.5	236.1xd	-1.5	3.68
Worldwide Recovery	165.6	176.8	+1.2	1.63
American Growth	72.7	77.7	-0.2	0.90
Intl. Emerging Cos	91.8	98.1	+++3	0.69
Far East Growth Fd	97.3	104.0	-1.0	0.75
European Growth Fd	64.6	69.0	+0.2	1.03

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544/7

Prolific American Inc	58.3	62.1	—	1.82
Prolific C'vert & Gilt	116.4	123.9	+0.1	4.74
Prolific Euro Gen&Inc	51.1	54.4	+0.1	2.60
Prolific Extra Inc	114.1	121.6	+0.2	3.99
Prolific Far East	211.7	226.5xd	+2.1	—
Prolific High Inc	77.4	82.8xd	+0.1	9.34
Prolific Intl	144.5	155.0	+0.5	0.27
Prolific N. Amer.	131.3	140.5xd	-0.4	—
Prolific Spec. Sits	93.6	100.2	+0.3	0.85
Prolific Technology	139.9	149.7	-0.3	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	99.4	105.8xd	+0.8	0.00
Japan Acc	99.6	106.0	+0.8	0.00
Worldwide Inc	77.2	82.7xd	+0.2	1.10
Worldwide Acc	78.6	83.2	+0.2	1.10
European Tst Inc	95.5	101.6	+0.6	0.94
European Tst Acc	96.1	102.5	+0.6	0.94
North American Inc	63.1	67.2	+0.3	1.27
North American Acc	64.0	68.1	+0.3	1.27
UK Equity Inc	79.2	84.3	+0.1	2.05
UK Equity Acc	82.6	88.7	+0.2	1.95
UK High Inc Eqty Inc	58.1	61.9	—	4.93
UK High Inc Eqty Acc	59.3	63.1	—	4.95
Hong Kong Trust	44.9	47.6	-0.1	0.38
Swiss Equities Trust	45.7	48.4	+0.1	1.90

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6AA. 01-588 3963

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.
Pension Funds

American (Cap)	312.2	327.9	+1.3	—
American (Acc)	434.8	456.7	+2.1	—
Building Soc (Cap)	94.0	98.8	+0.1	—
Building Soc (Acc)	130.9	137.5	+0.2	—
Deposit (Cap)	154.1	161.9	—	—
Deposit (Acc)	214.6	225.4	+0.2	—
European (Cap)	139.4	146.5	+0.3	—
European (Acc)	194.1	204.0	+0.4	—
Equity (Cap)	388.0	407.5	+2.2	—
Equity (Acc)	539.8	566.9	+3.5	—
Gilt (Cap)	243.7	256.0	+1.4	—
Gilt (Acc)	339.4	356.4	+2.2	—
Gold (Cap)	110.5	116.2	-2.2	—
Gold (Acc)	153.9	161.9	-2.8	—
Index-Linked (Cap)	93.1	97.8	-0.3	—
Index-Lnkd Gilt (Acc)	129.6	136.2	-0.4	—
International (Cap)	108.6	114.1	+0.8	—
International (Acc)	151.2	158.9	+1.3	—
Intl Inc (Cap)	103.1	108.4	+0.4	—
Intl Inc (Acc)	143.6	150.9	+0.7	—
Japan (Cap)	147.7	155.3	+3.0	—
Japan (Acc)	205.7	216.1	+4.3	—
Managed (Cap)	305.6	320.9	+0.9	—
Managed (Acc)	425.5	446.9	+1.7	—
PPP Fund (Cap)	286.6	301.0	—	—
PPP Fund (Acc)	398.8	418.8	—	—
Pacific (Cap)	257.1	270.0	+0.2	—
Pacific (Acc)	358.0	376.0	+0.6	—
Property (Cap)	132.2	139.0	+0.1	—
Property (Acc)	184.2	193.5	+0.2	—
Recovery (Cap)	187.1	196.6	+3.1	—
Recovery (Acc)	260.6	273.8	+4.5	—
UK Income (Cap)	108.1	113.6	-0.2	—
UK Income (Acc)	150.6	158.3	—	—
Personal Pension (Acc)	1684.5		+5.9	—

MGM Assurance
MGM House, Heene Rd, Worthing 0903 204631

UK Equity	211.9	223.1	+0.5	—
Do. Accum	236.7	249.2	+0.2	—
Special Situations	192.7	202.9	+0.5	—
Do. Accum	214.1	226.5	+0.7	—
North American	176.9	186.3	-2.9	—
Do. Accum	197.5	207.9	-1.0	—
Pacific Basin	322.2	339.2	-0.4	—
Do. Accum	359.8	378.8	-0.6	—
Fixed Interest	213.7	225.0	+0.6	—
Do. Accum	238.8	251.4	+0.6	—
Property	117.2	123.4	+0.1	—

National Mutual Life
5 Bow Churchyard, London EC4M 9DH 01-236 1566

Managed Fund	183.3	193.0	—	—
Managed Prospect Fund	145.5	153.2	—	—
UK Equity Fd	212.6	223.8	—	—
Fixed Interest	145.7	153.4	—	—
Pacific	184.3	194.0	—	—
North American	114.6	120.7	—	—
Pens. Managed	212.7	223.9	—	—
Pens. UK Equity	248.9	262.1	—	—
Pens. Overseas Equity	291.1	306.5	—	—
Pens. Property	117.0	123.2	—	—
Pens. Fixed Interest	155.5	163.7	—	—
Pens. Index Linked	121.1	127.5	—	—
Pens. Deposit	142.6	150.2	—	—
P.R.P. UK Equity	107.5	113.2	—	—
P.R.P. Overseas Equity	102.9	108.4	—	—
P.R.P. Fixed Interest	105.0	110.6	—	—
P.R.P. Property	96.2	101.3	—	—
P.R.P. Index Linked	108.7	114.5	—	—
P.R.P. Deposit	97.8	103.0	—	—
P.R.P. Managed	106.0	111.6	—	—
P.R.P. With Profits	98.1	103.3	—	—

National Mutual of Australasia
Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	131.47	138.81	—	—
Guaranteed Deposit	117.71	123.70	—	—
International	176.31	185.58	—	—
Managed	144.72	152.33	—	—
Property	130.92	137.80	—	—
UK Equities	175.82	185.07	—	—
Pens Fixed Interest	123.82	130.33	—	—
Pens Grtd Deposit	118.27	124.49	—	—
Pens International	192.13	202.24	—	—
Pens Managed	153.38	161.45	—	—
Pens Property	143.56	151.11	—	—
Pens UK Equities	152.92	160.96	—	—

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	284.0	299.0	+0.5	—
UK Equity	359.8	378.8	+0.8	—
Overseas Eq.	284.4	299.4	+0.9	—
America	233.9	246.3	-0.9	—
Far East	337.7	355.5	+5.4	—
Property	133.6	140.7	+0.1	—
Fixed Int.	207.2	218.2	-0.3	—
Indexed Gilt	116.9	123.1	-0.4	—
Deposit	132.4	139.4	+0.2	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Eurodux Investments Ltd
1 Athol Street, Douglas, Isle of Man
UK Agents FIS St Albans 0727 41122

Eurodux In.Fd.	96.26	101.33		—

FFM Futures Fund Ltd
PO Box 1540, Hamilton, Bermuda (809-295) 7447

FFM Fund April 3	120.9	126.3		—

Far East Growth Fund
10a Boulevard Royal, Luxembourg (352) 40030

Far East Growth		99.62		—

Fidelity International
9 Bond St, St Helier, Jersey, CI 0534 71696
Dealers: 33201. PO Box 670, Hamilton, Bermuda

American Assets (z)	$109.63	115.11	+0.35	0.46
Am Val II Com Mar 31	$76.02			
Am Val II Pfd Mar 31	114.4	121.5	+2.3	0.45
Australia (z)	$21.12	22.18		
$ Bond Fund (z)	$9.52	[illegible]	-0.01	9.70
Discovery Fund (z)	$14.77	15.51		0.41
Dollar Savings Tst (z)	$19.44		+0.10	[illegible]
Far East (z)	$36.37	39.19		0.12
Frontier (z)	$20.72	22.76		
Global Industries (z)	$14.13	14.86		0.36
International (z)	$13.97	14.67		0.36
Orient Fund (z)	$80.52	[illegible]		
Pacific (z)	$302.74	317.88	+4.21	0.47
Special Growth (z)	$32.21	32.77		0.16
World (z)	$63.96	67.16		0.29
Gilt Fund (z)	28.10	28.70		9.50
American Inc. Tst. (z)	104.40	110.56	+0.30	3.50
Intnl. Inc. Tst. (z)	125.5	131.4	+0.4	4.50
$ Fixed Int. Tst. (z)	59.20	61.70	-0.3	9.90
Sterling American (z)	119.80	126.80	+1.00	—

First Convertible Securities Fund
2 Boulevard Royal, Luxembourg 47911

NAV April 16		$11.27	+0.06	—

Hambros Bank Ltd
41 Bishopsgate, London, EC2 01-588 2851

Hambro Pacific Fund Mgmt Ltd
2110 Connaught Centre, Hong Kong

Australian Fd April 15	$13.73	14.77		—
S.E. Asia Fd April 15	$6.09	6.55		—
Japan Fund April 21	[illegible]	62.48		—
Japan ESmt April 21	[illegible]	26.80		—

Hambros Fd Mgrs (CI) Ltd
PO Box 86, Guernsey 0481 26521

UK Growth Fd.	73.7	78.5		2.02
Special Sits. Fund	297.1	312.8		1.02
Sterling Income Fund	114.2	121.0		9.09
Dollar Income Fund	$1.050	1.124		6.41
Intnl. Bond	$128.36	134.79		7.14
Int. Equity	$48.07	50.61		0.52
Amer. Spec. Sits.	$1.48	1.56		—
Int. Savings Fd A	$2.80	2.95		—
Int. Savings Fd B	$3.32	3.61		—
Amer. Equity Inc.	22.7	70.9		6.14
American Growth	$7.85	8.27		—
European Growth	—	DM10		—
Currency Fund				
Sterling Shares	£25.72	25.72		9.97
US $ Shares	$10.04	10.05		6.06
DM Shares	DM44.34	44.35		3.70
Swiss Francs	SFr31.38	31.39		3.00
Yen Shares	Y3,401	3,402		0.81
£ Managed Shares	£11.10	11.63		8.96
US $ Managed Shares	$20.20	21.01		5.92
Currency Distributor Fund				
Sterling Shares	£10.29	10.30		9.75
US $ Shares	$19.20	19.21		6.06
DM Shares	DM40.26	40.27		3.69
SwFr Shares	SFr30.11	30.12		3.00
Yen Shares	Y3,022	3,023		3.02

Health 2000 Limited
Wellington Hse, Dalen St, St Helier, Jersey

Health 2000		$10.49		—

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS—Contd

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

FOREIGN BONDS & RAILS—Contd

AMERICANS

Continued on next page

Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
28½	24⅝	Sara Lee $1	27⅞xd	+⅛	$2.00	—	4.8
10⅝	10⅛	Saul (B. F.) $1	10⅝	+⅛	20c	—	1.2
79	62⅞	Southwestern Bell $1	64¼	+⅞	$6.96	—	7.0
17⅝	15¼	Staley Continental	16¼	+¼	80c	—	3.2
44⅞	36¼	Sun Co. Inc. $1	39½xd	+⅛	$3.00	—	4.9
74	60⅝	TRW Inc. $1¼	63⅞xd	+⅞	$3.20	—	3.3
31	26¼	Tenneco $5	28½	+¼	$3.04	—	6.9
187¼	152½	Do. 10pcLn.Stk. 91-6	185½xd	....	10%	—	15.5
26¼	17⅞	Texaco $6.25	18½xd	–⅞	$3.00	—	10.5
57⅝	53⅞	Time Inc. $1	56⅝	+2½	$1.00	—	1.1
14⅝	12⅝	Tracor $0.33	12⅝	+¼	36c	—	1.9
24⅝	20⅝	Transamerica $1	20⅝xd	+⅛	$1.76	—	5.4
11	967p	Transworld Corp $5	970p	–13	20c	—	1.3
42¼	29⅝	Trinova Corp.	38⅝	....	$1.40	—	2.4
18¼	17⅛	USX $1	17¼	–⅛	$1.20	—	4.5
18⅝	17⅛	Union Carbide $1	17⅜	+⅛	$1.50	—	5.5
31⅛	28⅝	Utd. Technologies	28⅝	–⅞	$1.40	—	3.2
38⅝	30⅝	US West	31xd	+⅞	$3.28	—	6.9
33⅞	31⅛	Woolworth $3½	29⅞	....	$1.32	—	2.9

CANADIANS

1987 High	1987 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS, HP & LEASING

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, Leasing, etc.

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES & SPIRITS

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING, TIMBER, ROADS

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For Halical Bar see Property

BUILDING, TIMBER, ROADS—Cont

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES—Cont.

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICALS

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS—Continued

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

For Granada Group see Chemicals

INDUSTRIALS—Continued

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INSURANCES

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا صفحة الأصل

LONDON SHARE SERVICE

INSURANCES—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

FINANCE, LAND—Cont.

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Continued

Tins

Miscellaneous

THIRD MARKET

1987 High	1987 Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Abelcot Group 10p	395	.....	3.2	—	1.1	—
35	30	Aberdeen Air Pet 10p	30	–1	—	—	—	—
125	110	Allied Ins. Brokers	120	.....	13.5	2.5	4.1	13.9
60	45	Catalyst Comm. 5p	53	–3	—	—	—	—
66	47	Corton Beach 10p	63	–1	—	—	—	31.3
195	102	Edenbaring Investment	195	.....	—	—	—	—
63	31	Eglinton Oil fr.5p	44	–4	—	—	—	—
41	17	Do. Warrants	28	+1	—	—	—	—
29	17	Publishing Hldgs.5p	29	+2	—	—	—	16.8
58	45½	Theme Holdings	51	+1	1.0	♦	2.7	♦
138	115	Unit Group	115	.....	R4.6	2.5	5.5	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim; reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ■ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	73	.....	Fin. 13% 97/02	£118¼	.....
Craig & Rose £1	£15¼	.....	Arnotts	310	–35
Finlay Pkg. 5p	72	+1	CPI Hldgs	55	–2
Holt (Jos) 25p	915	–2	Carrol Inds.	128	.....
IoM Stm. £1	98	.....	Dublin Gas	15	+10
			Hall (R. & H.)	104xd	.....
IRISH			Heiton Hldgs.	27	–3
Fund 11¼% 1988	£99½	.....	Irish Ropes	150	–24½
Nat. 9¾% 84/89	£96¼	.....	Unidare	350	–50

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	35	NEI	8
Amstrad	16	Nat West Bk	55
BAT	47	P & O Dfd	55
BOC Grp	42	Plessey	20
BSR	12	Polly Peck	20
BTR	30	Racal Elect	20
Babcock	19	RHM	30
Barclays	47	Rank Org Ord	55
Beecham	48	Reed Intnl	42
Blue Circle	62	STC	20
Boots	25	Sears	12
Bowaters	37	TI	55
Brit Aerospace	58	TSB	8
Brit. Telecom	20	Tesco	42
Burton Ord	23	Thorn EMI	50
Cadburys	22	Trust Houses	20
Charter Cons.	30	Turner Newall	24
Comm Union	29	Unilever	150
Courtaulds	35	Vickers	55
FNFC	20	Wellcome	50
Gen Accident	80	**Property**	
GEC	18	Brit Land	17
Glaxo	110	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	100	Peachey	30
Guardian	85	**Oils**	
GKN	30	BOM	9½
Hanson Tst.	15	Brit Petroleum	40
Hawker Sidd	50	Burmah Oil	38
ICI	80	Charterhall	4
Jaguar	52	Premier	4
Ladbroke	40	Shell	75
Legal & Gen.	25	Tricentrol	11
Lex Service	35	Ultramar	17
Lloyds Bank	48	**Mines**	
Lucas Inds.	55	Cons Gold	65
Marks & Spencer	18	Lonrho	24
Midland Bk	55	Rio T Zinc	65
Morgan Grenfell	35		

A selection of Options traded is given on the London Stock Exchange Report Page.

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Apr 6	Apr 22	Apr 24	May 5
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8

* New time dealings may take place from 9.00 am two business days earlier.

Gold shares stand out strongly as bonds and equities ease in sluggish turnover

The UK securities markets made a slow return to business after the Easter break and yesterday's session was featured by weakening equity and bond prices and sluggish trading. Gold shares, however, continued to bound ahead as investors kept a nervous eye on the US dollar.

Industrial equities opened steadily but soon turned lower as a firmer pound was reflected in losses in the blue chip exporters. After dipping sharply in the afternoon, however, the sector rallied when Wall Street reduced its opening loss.

Weakness in US bonds, fuelling fears that global interest rates might be forced higher, bore down on UK gilts, and losses were extended to nearly half a point when the New York fixed interest market opened with another setback.

Owing to technical problems, some prices may not agree with those published in the London Share Service.

The FT-SE 100 index ended 9.2 down at 1940.2 and the FT ordinary 8.4 lower at 1531.9.

Trading in equities was highly selective. Turnover in such major issues as British Aerospace, *Commercial Union, General Accident*, Fisons and Saatchi & Saatchi, failed to reach 1m shares.

Oil shares, taking their lead from transatlantaine markets, gave ground again. Shell continued *to suffer from switching* operations into Royal Dutch shares. British Petroleum gave ground, with 1.7m shares traded—a fair number for a slack session.

Beecham turned lower as *turnover of 3m shares indicated* further response to a downgrading of the profits outlook for 1988 by a major US trading house.

But on the brighter side of the market ledger, British Gas moved *hgher in brisk* turnover (56m shares), with traders convinced that Nomura was buying again, on the back of its strong retail client list. Nomura was a heavy buyer of British Gas when the shares were *first sold publicly, and is believed* to have many more buyers in the background.

The Government bond sector opened steadily, as last week's news of improved UK employment *trends reinforced the market's* optimistic view of the Thatcher Government's electoral prospects.

But the weakening US dollar unsettled London's bonds ahead of the New York opening. When *US Federal bonds came in with* early losses, British Government bonds slipped lower. Losses might have been greater had the London market been more active.

Argentina's rescheduling agreement, a Morgan Grenfell "buy" *recommendation* and demand in front of today's annual general meeting helped **Lloyds** advance 7 further to 485p. **Midland**, also the subject of a MG tip, closed a similar amount dearer at 615p, while **Barclays** firmed a *penny to 509p* on further consideration of the planned £200m share placing in the US and Japan. **NatWest**, meanwhile, came on offer and dropped 8 to 577p. Elsewhere, **Bank of Scotland** edged forward 3 to 453p in anticipation of today's interim results; analysts' forecast pre-tax profits of between £112m and £115m for the half year.

The threat of a premium price war in the US continued to depress **Royals**, with over 30 per cent of worldwide premiums in US, and the close was 15 down at 873p.

Breweries gave back part of Thursday's good gains but closing losses were generally modest. **Allied-Lyons** traded more actively than most and closed 3 off at 377p, while **Guinness** retreated 7 to 317p; the latter's 15-month figures are due tomorrow.

The start of the third leg of the extended trading Account saw leading Building issues drift easier in the absence of buying interest. **Blue Circle** settled a few pence off at 800p, while **Redland** gave up 5 at 423p. **Barratt Developments** slipped 5 to 164p, while **Costain**, reporting soon, lost a similar amount at 516p; the latter announced a smal acquisition yesterday in the form of the purchase of Charcon Tunnels, a manufacturer of concrete lining tunnels from F. J. C. Lilley. Profit-taking clipped 8 from **John Laing** at 442p, but favourable Press comment helped **Tilbury Group** rise 8 to 298p. Takeover hopes boosted **Attwoods** 10 to 276p and **Phoenix Timber** 6 to 131p.

Comment ahead of the preliminary figures scheduled for May 6 and news that the company plans to sell sports goods helped **Marks and Spencer** improve a couple of pence to 211p. **Laura Ashley** gained 3 to 176p in anticipation of today's interim results, but **Gussies "A"** came on offer at £11⅝, down ⅜. Elsewhere in Stores, **Debfor**, one of the largest UK manufacturers of bras and ranges of co-ordinated lingerie garments which recently produced excellent annual results, jumped 47 to 317p, after 320p, following Press comment. **Wigfalls** moved up 8 to 181p on the announcement that **Rushlake Instruments** had increased its stake in the company. Speculative buying lifted **Goldsmiths** 15 to 285p, while **Paul Michael Leisure** reflected call option activity with a rise of 3 to 71p. Among Shoe concerns, **Pittard** added 13 to 289p in response to Press comment.

Interest in the Electrical majors was at a low ebb. Despite confirmation that the company was involved in negotiations with Philips with a view to a possible merger of their medical equipment divisions, **GEC** reacted 4 to 198p on profit-taking. **Plessey** relinquished 3 at 237p as *did* **Racal**, at 217p. Elsewhere, **Dale** reflected Press comment and the Board's further strong rejection of Sunleigh's unwelcome offer and advanced 7 at 104p. An investment recommendation left **Lec Refrigeration** 7 to the good at 308p.

Interest in the Engineering sector was at a low ebb and movements among the leaders rarely exceeded *a few* pence either way. Elsewhere, **Atlas Converting** continued to edge higher at 216p, up 3, after the recent results. Press mention enlivened interest in **Wellman**, 1½ dearer at 53½p, *while James Neill, scheduled to* reveal preliminary figures today, hardened a couple of pence to 228p. Occasional demand left **Mollins** 5 to the good at 211p.

Business in the Food sector was down to a trickle and prices drifted lower for want of attention. **Tesco**, a strong performer of late, came back 11 to 471p, while **Dee Corporation** shed 8 to 213p. **Kwik Save** lost 5 to 289p in front of tomorrow's results, and **Albert Fisher** shed 5 to 241p following profit-taking. News of a US disposal failed to influence **Northern Foods** and the price settled 5 off at 282p *in the wake of* last week's good rise. Elsewhere, "take profits" advice clipped 4 from **Hughes Foods** at 122p, after 118p, but favourable comment prompted a sharp rise in **Chambers and Fargus**, finally 22 up at 105p.

Leading miscellaneous industrials drifted lower mainly for the want of support. **Beecham**, however, an into selling (some 3m shares changed hands) and closed14 down at 483p following a press article highlighting a brokers downgraded profits forecast because of the recent sharp fall in the US dollar. Elsewhere, **Minty** featured a rise of 430 at 895p in response to the recommended offer of 675p cash per share from **Philip Haigh and associates**; to retain a listing, arrangements have been made to place with several independent investors a proportion of the shares. **Appledore** firmed 15 to 224p on the joint venture contract, while satisfactory preliminary figures prompted an improvement of 5 to 311p in **EIS**. Persistent buying left **Scottish Heritable Trust** 11 to the good at 238p, but the anti/AIDS related stocks met with selling, **Wellcome** reacting 17 to 425p and **London International** 11 to 300p. **Bowater**, down 5 at 490p, failed to benefit from acquisition news. Favourable press mention left **Associated British Ports** a shade better at 465p, while others to improve a few pence in response to newspaper comment included **Savage**, up 5 at 280p, **Hestair**, 2 dearer at 210p, and **Febel**, a like amount higher at 86½p. **Hyman**, still reflecting the lower annual earnings, gave up 1½ more to 37½p, while **J. W. Spear** eased a few pence to 178p on disappointing preliminary figures.

Television issues perked up under the lead of **Central**, finally 12 higher at 603p. **LWT** firmed 7 to 865p and **Scottish TV** 9 to 540p. **TV-am**, up to 376p awaiting the annual results, encountered light profit-taking following the announcement of profits slightly below best estimates to close 6 higher on balance at 359p.

Lucas Industries were unsettled by the possible closure of the group's car instrument plant in South Wales and lost 7 to 562p. Elsewhre, expansion hopes lifted **T. Cowie** 8 to 443p but profit-taking lowered **Western Motor** 6 to 295p.

A Press prediction of good preliminary figures—the announcement is scheduled for today—generated demand for **Boase Massimi**, 10 up at 355p. Other Agencies to improve included **Lopex**, 10 higher at 198p, and **Geers Gross**, 5 dearer at 75p. Newspaper mention underpinned **St Ives**, which moved up 10 to 640p, while **International Business Communications** advanced 5 to 136p awaiting today's annual results.

Leading Properties attracted furthr institutional buying interest and displayed useful gains at one stage. *However, profit-taking* left prices some way below the best. **Land Securities**, after early progress to 413p, eased back to close only 3 dearer on balance at 406p. **MEPC** finished 5 higher at 383p, after 388p. Elsewhere, **Laing Properties** were boosted by takeover speculation and touched 405p prior to closing 7 higher at 400p. **Imry** rose 20 to 505p on St George's Hotel development prospects. Press comment boosted **Daejan** 155 to 900p and **Southend Stadium** 15 to 523p.

Lyle Shipping staged a partial recovery after Friday's weakness on news *that the 1986 results* would be delayed while discussions continued with the company's secured lenders; the close was 2 higher at 8p. Press comment touched off demand for *Mersey Dock units*, up 2½ at 40½p.

Currency influences stifled enthusiasm for Textile issues. **Courtaulds** slipped back 9 to 409p and **John Crowther** were 7 lower at 201p. **Lament** gave back 10 at 263p, *but light support raised Leeds 5 to* 300p and R. Smallshaw 3 to 105p.

The listing of **Stockholders Far East** was temporarily suspended with the price of 368p pending reconstruction of the company. *Investment Trusts otherwise* traded quietly, although **Precious Metals** rose 10 more to 248p reflecting the continued strength of bullion and other metals. Among Financials, newspaper mention helper **Antofagasta** *rise 5 to 212p* while **Mercantile House** rallied 8 to 327p; Morgan Grenfell rate the latter share a hold. **Close Bros.** were quoted ex the scrip issue at 168p and, at the same time, announced separate joint venture arrangements with two London residential property development companies. Profit-taking brought **James Ferguson** back 9 to 101p.

British Gas were the undoubted feature in the oil and gas sector; heavy and persistent overseas buying interest—the majority of which was said to have come fromh Japanese investment houses—boosted the shares to 97½p prior to a closing level of 96½p, a net gain of 4½. Turnover in British Gas exceeded 56m shares.

The leading oils were disturbed by the recent trend on Wall Street and gave ground across the board before steadying after hours. A switching operation out of Shell—ahead *of Monday's interim*—into BP saw the former drop ⅛ to £11½.

Polly Peck's latest step towards a full US listing—the group has converted its unsponsored ADR facility to a sponsored facility with the Bank of New York—stood the shares in good stead. Demand was also aroused by Chase Manhattan's view that the stock is an attractive investment, and the close was 5 higher at 234p. **Inchcape**, another recommendation of the US house, hardened to 599p.

A strong bullion-led recovery by *metal prices triggered a good rally* in mining markets, which had slumped in the run up to the Easter holidays.

Bullion raced ahead from the outset of London trading and *approached $480 before slipping* back later in the day to close a net $8.625 higher at $447.875 an ounce—its best closing level since February 1983. Bullion's latest upsurge mirrored the continued *deterioration in the dollar.*

Gold sare dealers in London marked share prices higher at the outset. Subsequent buying interest from the Continent took prices higher over the lunchtime period *but quotations then turned* easier in the absence of any significant US interest. Interest in South African golds was "disappointing," according to traders. *The Gold Mines index* rose 9 points to 453.5.

In the top-quality issues **Randfontein** raced up £4½ to £96½, while **Anglo American Gold** put on £3⅝ to £72 and **Vaal Reefs** £2⅞ to £87.

Cebra Emerald, a strong market last week following the figures and proposed restructuring, dipped 6 to 67p.

Financials mirrored Golds. **Consolidated Gold Fields** advanced 16 to 989p and **Rio Tinto-Zinc** moved up 15 to 918p. **Greenwich Resources** hardened 4 to 26p.

Australians shrugged off the bout of profit-taking of last week and the leading diversified issues and golds registered strong gains, helped by an easier trend in the Australian dollar. Of the leaders **CRA** were outstanding and jumped 15 to 383p, while rises in the region of 5 or 6 were common to **Western Mining**, 430p, **Bougainville**, 198p and **MIM**, 146p. In Golds **Central Norseman** featured with an 8 jump to 162p ex the seven for one scrip issue. **GMK** were a like amount higher at 413p. Press comment helped **Poseidon** add 12 to 595p. **Whim Creek** were 20 firmer at 585p.

Traded Options

Ahead of today's expiry of the April series, 27,072 calls and 10,676 puts were arranged in the *Traded Option market*. **British Gas** were the day's feature, recording 8,142 calls—2,463 in the April 70s' and 2,670 in the April 90s'. **British Airways** were also active with 5,166 calls done—1,335 in the April 120s'.

FINANCIAL TIMES STOCK INDICES

	Apr. 21	Apr. 16	Apr. 15	Apr. 14	Apr. 13	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	90.16	90.36	89.89	89.95†	89.89	94.51	92.19 (23/3)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.96	96.83	96.55	96.13	96.31	97.40	97.98 (19/3)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,531.9	1,540.3	1,515.1	1,506.7	1,512.4	1,403.1	1,625.2 (24/3)	1,320.2 (2/1)	1,625.2 (24/3/87)	49.4 (26/6/40)
Gold Mines	453.5	444.5	479.9	485.0	483.8	271.7	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.79	3.87	3.93	3.93	3.88	3.84				
Earnings Yld.%(full)	8.69	8.67	8.80	8.86	8.82	9.42				
P/E Ratio (net) (*)	14.24	14.25	14.05	13.95	14.02	13.14				
SEAQ Bargains (5 pm)	31,964	31,736	34,700	45,627	39,835	—				
Equity Turnover (£m)	—	1,244.48	1,322.56	1,362.83	1,099.84	839.12				
Equity Bargains	—	41,160	43,340	48,687	48,212	27,546				
Shares Traded (ml)	—	474.1	473.0	500.9	442.5	297.1				

S.E. ACTIVITY

Indices	April 16	April 15
Gilt Edged Bargains	113.3	140.0
Equity Bargains	266.7	280.8
Equity Value	2,515.4	2,673.7
5-Day Average		
Gilt Edged Bargains	138.9	139.0
Equity Bargains	296.4	306.6
Equity Value	2,643.2	2,719.7

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1541.1	1540.3	1537.0	1534.0	1529.8	1532.1	1529.3	1528.6

Day's High 1542.3. Day's Low 1526.7 Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, †Corrected SE Activity 1974, *Nil=13.71.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (84)

BRITISH FUNDS (1), AMERICANS (1), CANADIANS (1), BANKS (1), BREWERS (3), BUILDINGS (4), STORES (3), ELECTRICALS (2), ENGINEERING (3), FOODS (4), HOTELS (1), INDUSTRIALS (15), INSURANCE (1), NEWSPAPERS (1), PAPER (6), PROPERTY (7), SOUTH AFRICANS (1), TEXTILES (4), TRUSTS (10), OILS (5), OVERSEAS TRADERS (2), PLANTATIONS (1), MINES (7).

NEW LOWS (35)

AMERICANS (7) CPC Intl., Greyhound, Merrll Lynch, PHH, Pall Corp, Pennzoil, Utd. Techlonogies, CANADIANS (2) Can. Imp. Bank, Inland Nat. Gas, BUILDINGS (1) Intl. Amco, STORES (2) LPA Industries, Renishaw, INDUSTRIALS (6) Brierley Invs., Granada, Hille Ergonom, Hutch. Whmp., J. S. Pathology, Jardine Hldgs., INSURANCE (2) Alex & Alex 11pc cnv., Combined Intl., PAPER (2) JWT, Ogilvy Group, PROPERTY (1) HK Land, SHIPPING (2) Gotaas-Larson, Sea Containers, TRUSTS (9) China & Eastern Invs., F & C Eurotrust, Fleming Am. Cnv. '99, Fleming O'seas Tst., Gartmore Inf. & F. Tst., Marine Adv. Tsts., Plantation Trust, TR North America Tst., Warrior Inds., OILS (1) Petroz.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system on Thursday until 5 pm.

Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,300	146	—
Allied Lyons	3,600	377	−3
Amstrad	1,800	176	−4
Assoc. Brit. Foods	165	340	−2
Argyll Group	1,100	397	−4
BAT	2,000	492	−4
BET	215	238	−2
BOC	2,000	448	−2
BPB Inds	199	654	−5
BPCC	209	312	−2
BTR	949	300	−4
Barclays	1,000	510	+2
Bass	213	873	−4
Beecham	3,100	483	−13
Blue Circle	400	800	−3
Boots	669	278	−½
Brit. Airways	17,000	146	+7
Brit. Aero	1,300	627½	−6½
Brit. & Comm.	59	439	−3
Brit. Gas	55,660	97	+5
Britoil	2,300	237	−7
BP	1,800	872	−3
Brit. Telecom	5,200	245½	−1½
Bunzl	381	213	−3
Burton	2,400	276½	+1½
Cable & Wire	1,200	356	−3
Cadbury Schwps	1,700	237	—
Coats Viyella	328	556	−9
Comm. Union	496	309	−3
Cons. Gold	1,000	988	+15
Cookson	41	599	−1
Courtaulds	1,300	409	−9
Dee Corpn	4,500	214	−7
Dixons Grp	758	366	−1
English China Clays	503	383	−8
Fisons	615	618	−2
Gen. Accident	312	925	−8
Gen. Elect	3,300	198	−4
Glaxo	791	£14½	—
Globe Investment	595	149½	−1
Granada	1,300	298½	−5½
Grand Met	1,700	478	−5
GUS "A"	376	£11⅝	—
Guardian R.E.	225	873	−10
GKN	801	313	+3
Guinness	2,600	317½	−6½
Hanson Trust	7,000	152½	−½
Hawker Sidd	480	485	−5
Hillsdown Hlgs	3,400	279	−3
ICI	868	£12⅝	−⅛
Imp. Cont. Gas	163	739	+1
Jaguar	630	554	−2½
Ladbroke	313	414	−1
Land Securities	2,100	407	+4
Legal & Gen.	304	271	−3
Lloyds Bank	2,500	493	+15
Lonrho	740	287	+15
MEPC	1,200	385	−½
Marks & Spncr	3,300	213	+4
Midland Bank	1,000	618	+10
NatWest Bank	1,600	583	−2
Pearson	534	616	+6
P & O	382	590	−6
Pilkington Bros	696	772½	+½
Plessey	3,000	237	−3
Prudential	173	813	−5
Racal	2,600	217½	−2½
Rank Org.	1,200	693	−3
RHM	582	306	−1
Reckitt & Col	12	949	−4
Redland	1,000	423½	−4½
Reed Intl.	738	375	−4
Reuters	211	667	−4
RMC	150	788	−1
RTZ	2,700	919	+18
Rowntree Mac	381	465	−9
Ryl Bank Scotland	185	314	—
Royal Insurance	394	873	−15
STC	4,190	267	+2
Saatchi & Saatchi	217	663	+1
Sainsbury	908	473	−3
Sears	2,100	129½	—
Sedgwick	347	290	−5
Shell Trans	2,400	£11½	−⅛
Smith & Nephew	1,000	149½	−2
Standard Chart.	117	835	−4
Storehouse	2,300	286	+1
Sun Alliance	274	843	+1
TSB	1,900	81¼	−1
Tarmac	253	475	−3
Tesco	816	472½	−9½
Thorn EMI	417	643	−3
Trafalgar House	209	313	−2
T'house Forte	582	227	−2
Unigate	280	364	−3
Unilever	160	£26¼	−⅛
United Biscuits	482	263	−2
Wellcome	2,500	428	−14
Whitbread "A"	195	314	−2
Woolworth	1,100	778	−1

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	21	77	15
Corporations, Dominion and Foreign Bonds	5	23	40
Industrials	349	590	606
Financial and Properties	109	209	268
Oils	22	47	42
Plantations	4	1	9
Mines	91	22	69
Others	81	70	69
Totals	682	1,039	1,118

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Tuesday April 21 1987

FIXED INTEREST

LONDON TRADED OPTIONS

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

April 21	Price Sch%	+ or −
Creditanstalt	1995	+5
Goesser	3050	−50
Interunfall	12650	−100
Jungbunzlauer	8830	+30
Laenderbank	1920	......
Perlmooser	642	−10
Steyr-Daimler	144	+2
Veitscher Mag	858	+8

BELGIUM/LUXEMBOURG

April 21	Price Frs.	+ or −
B.B.L.	3080	−20
Banque Gen. Du L.	15400	......
Bank Int. A Lux.	14800	......
Bekaert B	10375	+75
Ciment CBR	5320	+10
Cockerill	141	......
Delhaize	3345	......
EBES	5290	+20
Fabrique Nat.	1765	−35
GB Inno BM	1036	+4
GBL (Brux)	3910	+10
General Bank	6800	......
Gevaert	6660	+40
Hoboken	7100	+100
Intercom	4400	+50
Kredietbank	4640	+130
Pan Holdings	11900	......
Petrofina	10325	−175
Royale Belge	5940	......
Soc Gen Belge	3660	+20
Sofina	14350	+50
Solvay	10100	+100
Stanwick Intl.	450	......
Tractionel	7300	......
UCB	9510	+140
Wagons Lits	5750	+30

DENMARK

April 21	Price Kr %	+ or −
Baltic Skand	865	−10
Cop Handelsbank	262	......
D. Sukkerfab	330	−3
Den Danske Bank	323	......
East Asiatic	172	......
Forenede Brygg	860	−10
GNT Holding	264	......
I.S.S.B. Systems	750	−5
Jyske Bank	510	+5
Novo Inds.	253	−4
Privatbanken	260	−1
Sophus Berendsen	765	......
Superfos	192	......

FINLAND

April 21	Price Mka	+ or −
Amer	222.5	+1
KOP	50.5	+0.8
Kone	204.5	−1
Finnish Sugar	102.5	+2
Nokia	177.5	+2
Pohjola 'B'	86.25	−0.1
Rauma-Repola	22.8	+0.05
Stockmann 'B'	209.5	−3.5
UBF 'C'	33.65	+0.3
Wartsila (S11)	209	+5

GERMANY

April 21	Price Dm.	+ or −
AEG-Telef	313	−3
Allianz Vers	1795	−23
BASF	274.50	−1.2
Bayer	309.50	−0.5
Bayer-Hypo	418	−9
Bayer-Vereln	445	−8
BHF-Bank	497	−6.5
BMW	541	+1
Brown Boveri	312	−2.5
Commerzbank	266	−10.5
Cont'l Gummi	321	−5.5
Daimler-Benz	996	−17.5
Degussa	495	+3
D'sche Babcock	214	+1
Deutsche Bank	644	−11
Dresdner Bank	345	−11.5
Feld Muehle Nob	289	......
Henkel	498.50	+1
Hochtief	747	−0.5
Hoechst	278.50	+0.9
Hoesch Werke	106.50	−1
Holzmann (P)	418.50	......
Horten	222	+1
Hussel	572	+4
Karstadt	429	−5
Kaufhof	475.50	−3.5
KHD	151	−2
Kloeckner	65	−1.9
Linde	679	−1
Lufthansa	190.00	......
MAN	167	−4
Mannesmann	181.80	−4.2
Mercedes Hld.	850	−7
Metallgesell	590	+1
Muench Rueck	1830	−5
Nixdorf	810	+4
Porsche	860	−20.5
Preussag	170	......
Rhein West Elect.	221.80	+0.5
Rosenthal	267.50	+4
Schering	605	−4
Siemens	705.20	+1.9
Thyssen	114.50	−2.2
Varta	358	+1
Veba	277.3	−1.5
V.E.W.	162	+1.5
Verein-West	421	−4
Volkswagen	342.50	−2

ITALY

April 21	Price Lire	+ or −
Banca Com'le	24140	−10
Bastogi-IRBS	699	−7
CIR	7050	+165
Credito Italian	2450	......
Fiat	13850	+180
Generali Assicur	142200	+2000
Italcementi	99900	+1800
La Rinascenti	1279	−1
Montedison	2968	+43
Olivetti	13780	+20
Pirelli Co	7890	+50
Pirelli Spa	5460	+50
Saipem	4440	......
Snia BPD	4890	+60
Toro Assic	35500	+100

NETHERLANDS

April 21	Price Fls.	+ or −
ACF Holding	62.50	......
AEGON	90.80	−0.8
Ahold	107.70	−1.3

NYSE-Consolidated 1500 Actives

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
TEXACO	1,935,700	38½	+ ⅛	RAMADA IN	1,616,100	9	− ⅛
IBM	1,879,300	154⅞	+4⅝	PACIFIC TEL	1,661,000	24½	− ⅝
ATT	1,871,800	24⅜	+ ½	GEN PUB ST	1,358,900	22⅜	− ⅛
PRIME COMP	1,849,000	25⅛	+1⅛	GEN MOTORS	1,356,700	80⅜	+2⅝
P SVC NM	1,750,300	34⅜	− ⅛	BAXTER LAB	1,307,200	24⅞	+1⅞

Advances 631 Declines 617

TOKYO – Most Active Stocks
Tuesday, April 21, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Nippon Steel	226.32m	391	+15	Kawasaki Heavy Ind	34.83m	298	+ 14
Ishikawajima-Harima	138.56m	712	+47	Mitsui Toatsu Chem	31.67m	672	+ 19
Mitsubishi Heavy Ind	118.72m	650	+48	Kawasaki Steel	18.50m	264	+ 7
Nippon Kokan	102.51m	357	+22	Yamashita-Shinnihon	17.85m	249	+ 18
Tokyo Gas	68.61m	1,570	+80	Tea Harbor Works	15.87m	1,340	+150

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:		
Attwoods	276	+ 10
Boase Mass	355	+ 10
Brit Gas	97	+ 5
CRA	383	+ 15
Cowie (T)	440	+ 5
Daejan Hldgs	900	+155
Dale Elect	104	+ 7
Debtor	315	+ 45
Imry Prop	505	+ 20
In Bus. Com	136	+ 5
Lloyds Bank	493	+ 15
Lopex	196	+ 8
Mercant Hse	325	+ 6
Midland Bank	618	+ 10
Minty	895	+430
Polly Peck Intl	234	+ 5
Pittard	289	+ 13
Poseidon	695	+ 12
Precious Met Tr	247	+ 9
TV-am	359	+ 6
Wigfalls	181	+ 8

FALLS:		
Beecham	489	− 13
Courtaulds	409	− 9
Ferguson (J)	101	− 9
Guinness	317½	− 6½
Lamont Hldgs	283	− 10
London Intl	300	− 11
Lucas Inds	562	− 7
Royal Insce	873	− 15
Wellcome	428	− 14

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33⅝	20⅛	AAR s	.50	1.7	21	418	29¾	28¾	29¾	+1½
37	21⅞	ADT	.92	2.8	19	152	32½	31¾	32½	+½
41½	25⅝	AFG	.12e	.3	11	411	37	36½	36⅝	−½
40¼	16¾	AGS			21	88	35¾	35¼	35¾	+¼
13⅞	6¾	AMCA				15	8¾	8½	8½	−¼
9⅜	4⅞	AM Intl				1193	7½	6⅞	7½	+⅝
62⅛	47¼	AMR			12	7124	55½	53⅝	55½	+2
27½	25	ANR pf	2.67	10.		3	26½	26	26	
25	20⅞	ANR pf	2.12	8.9		2	23¾	23¾	23¾	−⅛
12⅞	8	ARX s			12	52	10¼	10⅛	10¼	+⅛
73½	28¾	ASA	2a	3.0		2499	69⅞	66½	66⅝	−2⅛
20	9¾	AVX		1.7		227	19	18⅝	18½	−¾
32¾	26½	AZP	2.72	8.5	11	2697	32	30⅞	32	+¾
67	41	AbtLb s	1	1.6	26	4136	62⅞	59¾	62⅞	+1⅞
34¾	25	AccoWd	.62	1.9	20	164	32	31¼	32	+¼
15⅛	9	AcmeC	.40	2.8	27	592	14½	14	14½	+⅜
8½	6⅛	AcmeE	.32b	4.1	27	2	7¾	7¾	7¾	−⅛
23⅞	19	AdaEx	3.42e	16.		192	21⅝	21¼	21⅝	+⅜
19½	11⅜	AdmM s	.24	1.3	14	215	18½	17⅞	18	−⅝
21½	12⅛	AdvSys	.62t	3.3	15	54	19⅝	18⅝	19	−¾
31½	12⅞	AMD				5119	20¾	19¾	20¾	+½
52⅜	45⅜	AMD pf	3	6.0		629	50¼	50	50¼	−⅜
10¾	5¼	Adobe				307	10⅛	9⅞	10	−⅛
20½	13¾	Adob pf	1.84	9.6		21	19¼	19	19¼	+⅛
21⅞	16⅜	Adob pf	2.40	11.		43	21⅛	20⅞	20⅞	−⅛
18⅜	11½	Advest	.12a	.9	10	272	13⅞	13½	13¾	+⅛
66¼	53	AetnLf	2.76	4.7	9	6795	58⅝	57⅝	58¼	+¼
54	51⅛	AetL pf	2.81e	5.4		12	52	52	52	
50¾	21⅞	AflPb s	.32	.7	24	210	47¼	46⅝	47¼	+½
26¾	18⅞	Ahmans	.88	3.9	7	5710	22¾	21⅝	22¾	+½
5¾	2⅞	Aileen				332	4⅞	4⅜	4⅞	+⅝
48½	29⅛	AirPrd s	.80	1.8	17	4709	44	42½	44	+⅜
35¼	16	AirbFrt	.60	1.9	14	488	32⅜	31¾	32	−½
12	7⅝	Airgas n				90	10¾	10¼	10¾	+⅛
20⅜	16⅝	Arlse n	1.03e	6.0		49	17⅛	17¼	17¼	−¼
17-32	¼	AlMoan				23	13-32	⅜	⅜	
10¾	8⅞	AlaP dpf	.87	8.7		26	10	9⅞	10	−⅛
110	102	AlaP pf	11	10.		z180	110	110	110	
108	97	AlaP pf	9.44	9.1		z300	103½	103	103½	−2¾
98½	83½	AlaP pf	8.28	9.1		z110	91½	91	91	−¼
27⅞	14¼	AlskAir	.16	.7	15	1408	21⅝	20½	21⅝	+⅝
27½	13½	Alberto s	.24	1.0	32	156	25¼	22⅜	25¼	+2
23¾	13½	AlbCulv	.24	1.2	25	178	19⅞	19⅝	19¾	+⅛
55⅛	33¾	Albtsns	.96	1.8	18	495	52¾	51¾	52¾	+¼
42⅜	27⅝	Alcan	.80	1.9	20	5966	u42¾	41¾	42¾	+½
51⅞	37	AlcoStd	.38	2.6	18	295	50	49	49¾	+⅝
42⅜	24¼	AlexAlx	1	3.6	27	741	28	27½	27⅝	−⅛
50½	34½	Alexdr			45	273	48	47¾	47¾	
96½	65½	AllegCp			15	17	95	94	94¼	+1
24¾	11⅝	Algint				739	24¼	24⅛	24⅛	
93½	39	Algi pfC				31	88¼	88¼	88¼	+¼
53⅞	35⅝	AlgPw	2.92	7.3	10	1726	40½	39⅝	40¼	+¼
27	14½	AllenG	.56	3.3		133	17⅛	16¾	17	−⅛
28⅞	20⅞	Allen pf	1.75	7.7		16	22⅞	22⅛	22⅞	+⅛
45½	31⅞	AlldPd			10	255	34½	34⅛	34⅜	+¼
49¼	36¾	AldSgnl	.80b	3.9	14	3747	46⅜	44½	46	+1⅛
10⅛	6¼	AlldSup			28	84	8½	8⅛	8½	+¼
5¾	2⅛	AllisCh				166	2⅜	2½	2⅜	+⅛
37½	25¼	AllsC pf				5	29¾	29¼	29¼	+¼
47¼	34⅜	ALLTL	2.04	5.1	16	87	40⅜	39¾	40⅜	+⅜
47¾	32⅜	Alcoa	1.20	2.5		7978	u48⅞	47¾	48⅞	+1⅛
21⅝	10½	Amax			415	1640	20¾	20¼	20¾	+⅜
35⅛	16⅞	AmHes			13	3673	33¾	32⅝	33¾	+½
151½	82¼	AHes pf	3.50	2.4		14	146	141½	146	+14
1⅞	½	AmAgr				267	1⅛	1	1	
33⅞	8⅜	ABrck g				673	31½	30⅛	30⅛	−1
53	40⅜	ABrnd s	2.08	4.5	15	2202	46⅝	44⅜	46⅜	+1½
34⅞	32	ABrd pf	2.75	8.2		17	33½	33	33⅜	−¼
106	82¾	ABrd pf	2.67	2.9		1	92	92	92	+1½
29	21⅛	ABldM	.90	3.5	16	66	25⅞	25⅜	25⅞	+⅛
36¾	23¼	ABusPr	.80	2.7	17	88	29⅝	29½	29⅝	
53½	34¼	AmCan	1.60	3.7	12	4126	43¾	41⅝	43⅝	+1¼
91⅝	60	ACan pf	3	4.0		41	75	73	74¾	+1¼
119½	113	ACan pf	13.75	12.		4	115½	114¾	114¾	−¼
25⅝	20⅛	ACapBd	2.20	9.8		148	22½	22⅛	22⅜	−⅛
35⅝	29⅜	ACapCv	5.82e	17.		18	34¼	33¾	34¼	+½
24⅞	14⅝	ACMR	1a	5.4	12	80	18⅝	18	18⅝	−⅛
7⅞	3⅛	ACentC				12	3¼	3¼	3¼	+⅛
96½	67⅜	ACyan	1.90	2.0	21	1490	93½	91½	93	+1⅛
31⅝	24⅜	AEIPw	2.26	8.0	11	5061	28	27½	28¼	+¼
81¼	53¾	AmExp	1.52	2.2	13	11922	68⅞	68½	69⅝	−⅛
40⅝	26⅞	AExp wi				14	35½	35	35¼	−¼
18⅝	11⅜	AFaml s	.22	1.7	10	648	13	12¾	13	+⅛
46¾	34⅛	AGnCp	1.25	3.3	9	4617	38	37⅛	38	+½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

NYSE COMPOSITE CLOSING PRICES

Continued from Page 46

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Continued on Page 45

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Good corporate news offsets fall in bonds

WALL STREET

ANOTHER PLUNGE in the US bond market unsettled Wall Street stock prices yesterday despite the continuing flow of good corporate results, *writes Paul Hannon in New York.*

Soaring precious metals prices, fresh fears over inflation and a debilitated dollar weighed heavily on bond market sentiment and pushed key issues down by over 1½ points in early trading.

However, a midsession rally by leading blue chips and high-technology stocks combined with a recovery in the dollar to trigger a revision of sentiment and investors began to look at the latest corporate reports for guidance.

At the close the Dow Jones industrial average was up 66.47 at 2,337.07.

Among blue chips, IBM scored a solid $3 gain to $153 in moderate trading, Ford picked up $1⅛ to $83⅜ and ATT managed to edge $¼ higher to $24⅜.

Banks were bristling with results but the market reaction was lukewarm. Bankers Trust dropped $¼ to $42½ despite its first-quarter boost in earnings per share to $1.77 from $1.64; Citicorp traded $¼ lower to $49¼ despite its improved quarterly earnings of 67½ cents from 61½ cents.

Other banks turned lower with BankAmerica down $¼ to $11⅜ while Chase Manhattan, which announced results on Monday, held steady at $35.

The oil sector was mixed as Pennzoil halted a string of losses to trade $⅝ higher at $80⅞ while Texaco, its embattled rival in a long court drama, edged $⅝ lower to $29⅜ in heavy trading.

Amoco, which has set its sights on Dome Petroleum, added $1⅛ to $81⅛. Dome inched ahead another $1/16 to $1 5/16 in heavy trading on reports that Transcanada Pipelines, down $½ to $14½, was prepared to make a higher bid for Dome.

Newspapers and publishers reported in force. Tribune retreated $1⅜ to $71⅜ in thin trading on its drop in first-quarter earnings to 42 cents compared with $2.63 in the corresponding period. The Washington Post held steady at first but jumped $4 later to $186 on its stronger quarterly figures of $1.45 per share against 96 cents and the New York Times rose $⅜ to $44 on its 50 cent earnings against 42 cents per share. Capital Cities/ABC scored one of the best gains of the day with its dramatic $8½ leap to $354½ as the diversified broadcasting and publishing group showed a jump in quarterly earnings to $1.43 from 12 cents.

Unisys, the former Burroughs/Sperry groups, held steady at first but later gained $1 to £109⅜ in reaction to its $1.71 earnings per share for the new company.

Consumer-related issues were busy with Sears reporting dazzling first-quarter earnings per share of 75 cents against 52 cents. The retailer gained an early $1⅛ to $52½.

McDonald's, the hamburger group, reported record first-quarter profits but retreated $¼ to $76¼.

Avon Products, the cosmetics group, staged a first-quarter jump in net earnings per share of 27 cents against 24 cents and traded $⅛ higher to $30⅛.

American Brands, the diversified tobacco and consumer goods group, showed a quarterly earnings gain of 10 cents per share to $1.15 and its stock firmed $⅛ to $45.

Scott Paper's jump in quarterly earnings to $1.18 against $1.05 was given a cool reception and the tissue-to-paper towels maker held steady at $73⅜.

Minnesota Mining & Manufacturing advanced an early $1¾ to $125¾ on the strength of its quarterly jump in earnings to $1.86 from $1.58.

Profit-taking developed among some gold shares despite the firmer bullion price. ASA, the investment group, retreated $1⅝ to $67⅝ and American Barrick Resources shed $⅝ to $30½.

In the bond market, prices failed to recover from the steep declines posted late on Monday. Fresh falls of over 1½ points were sustained in active morning trading but by midsession the key long bond, the 7½ per cent due in 2016, had rallied to show a fall of only ½ point at 89 13/32 to yield 8.43 per cent.

Federal funds opened at 6⅝ per cent, briefly touched 6 9/16, and turned back to 6⅝ as the Federal Reserve announced a two-day system repurchase.

Short-term rates were sharply lower as three-month Treasury bills plunged 27 basis points to yield 5.61 per cent. The six-month bill traded 6 basis points lower to 6.17 per cent while the rate on 12-month bills was 2 basis points down at 6.53 per cent.

CANADA

A RETREAT in energy and resource stocks trimmed Toronto share prices in active trade.

Gold shares slipped as the bullion price eased from its peak. Dome Mines lost C$1⅛ to C$21⅜, Hemlo Gold fell C$⅝ to C$29⅜ and International Corona Resources was C$½ off at C$48. Against this trend, Lac Minerals added C$⅛ to close at C$43.

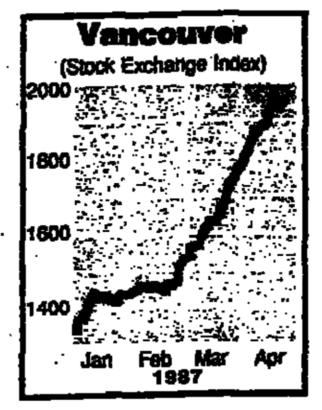
Oils also fell. Imperial Oil Class A shares dropped C$⅜ to C$66⅜ and Gulf Canada lost C$¼ to C$27⅜.

Dome Petroleum fell back 5 cents to C$1.65 from gains made following the takeover bid by US group Amoco. Rival bidder TransCanada Pipelines fell C$⅜ to C$19.

Falconbridge was most active, losing C$⅝ to C$21. The group reported a first quarter operating loss of C$15.4m against a year-ago loss of C$17.1m.

Northern Telecom reported improved first quarter earnings and gained C$⅛ to C$56⅜.

Gold fever sets Vancouver's erratic pulse racing



WHILE THE sinking dollar sends tremors through most of North America's stock exchanges, gold fever has propelled the ever-volatile "penny stock" market in Vancouver to giddy new heights.

So steeply have prices risen that the Vancouver Stock Exchange has had to redraw its official charts. The VSE index, which reached 1,500 for the first time at the end of February, is now within striking distance of 2,000. The index stood at 1,960 on Monday, 46 per cent higher than at the beginning of the year.

Trading has been unusually hectic. "Six months or a year ago, we would be here for seven hours a day and twiddle our thumbs half the time", says a trader at Canarim Investment, the VSE's biggest brokerage firm. "Now we come in at 6am, leave at 4pm, snap our fingers and the day's gone."

Volumes hit a record 34.7m shares on April 10, almost treble the average daily volume in the year to March 1986. A trader at Odlum Brown, another local securities dealer, complains: "It's pretty exhausting. Everyone is yelling their lungs out."

Vancouver's share of the trades on Canada's four stock exchanges has climbed from 27.3 per cent in March 1986 to 32.2 per cent last month.

Canarim has hired six new trading floor staff in the past few months. The VSE has had to recruit new trading board markers as its employees are lured away by securities firms looking for phone clerks and runners.

The resource-based VSE owes its surge to the jump in gold, silver and platinum prices. But with companies bearing such names as Skyrocket Exploration and Cornucopian Resources among this year's most active stocks, speculation clearly remains a key element in a market which is sometimes likened more to a casino than a stock exchange.

Many of the VSE's star performers have not yet dug an ounce of gold or silver out of the ground. Better Resources, which is developing a gold-bearing property on a 4,000 ft-high mountain on Vancouver Island, has more than trebled in price over the past two months to C$1.90 on Monday. Just six months ago, Better fared worse when a halt in exploration caused by cold weather sent its share price tumbling.

Emerald Lake Resources, floated on the exchange less than two years ago at 50 cents a share, is now trading at C$12.50. The company does not yet operate a mine, but is developing a gold deposit near Sudbury in northern Ontario.

Despite such apparently high risks, Mr Graham Currie, Canarim's mining analyst, says that investors and speculators on the VSE are more choosy than in the past. According to Mr Currie, "the bulk of interest has been going towards the more developed projects".

The VSE itself is pleased that at least some of the recent action has been in non-resource stocks, which the exchange is trying to attract as part of efforts to shed its image as a frontier gambling spot.

More than one in three of this year's record number of new listings are commercial and industrial enterprises. They include such ventures as an oyster farm, several wine producers and a Tennessee cattle ranch.

Vancouver's imaginative promoters have not taken long to find business opportunities in the AIDS epidemic. Bioject Medical Systems, listed for the first time last July at C$1.50, sells a gas cartridge which injects medication through the skin without a needle. Its shares are now trading at around C$3.80.

A total of 69 companies were listed on the VSE in the first three months of this year, more than double the number a year before.

However, perhaps as a warning that investors should look before they leap into a market as volatile as the VSE, one of last month's new listings bears the name Lemming Resources.

Bernard Simon

EUROPE

Dollar adds to hesitant mood

INVESTORS stayed shy of most European bourses as they reopened after the Easter holidays, leaving prices gently easier across the board. The dollar's chronic weakness also continued to deter buyers.

Frankfurt closed slightly lower in a sluggish and featureless session depressed by pessimism over the economy and the threat of a strike by metal workers. The Commerzbank index of 60 leading shares at mid-session rose 3.6 to 1,813.5.

Siemens was one of the few advances, adding DM 1.90 to DM 705.20 amid rumours that West German technology minister's visit to the Soviet Union next week could bring orders for the electronics group's KWU power station subsidiary.

Banks weakened as the effect of good recent results wore off to be replaced by pessimism over their likely performance this year. Dresdner was DM 2.50 of at DM 345, Deutsche Bank DM 11 down at DM 644 and Commerzbank DM 10.50 cheaper at DM 266.

Cars and chemicals closed narrowly mixed.

Amsterdam was depressed by the dollar's fall, Wall Street's weakness and a lack of countervailing corporate news.

International blue chips mirrored the decline. Akzo fell by Fl 1.50 to Fl 136.50, Philips by Fl 1.00 to Fl 50.90 and Unilever by Fl 4.00 to Fl 583.00.

Zurich also fell back amid bearishness over the falling dollar.

Banks were cheaper, with Union Bank bearer stocks SFr 75 off at SFr 4,700 and Crédit Suisse bearer SFr 20 down at SFr 3,080.

Brussels advanced slightly in dull trade, buoyed by advances among chemical stocks. Solvay added BFr 100 to BFr 10,000 and UBC gained BFr 140 to BFr 9,310.

The Brussels SE index rose 2.36 to 4,537.32.

Paris closed narrowly mixed, with a Bank of France survey which indicates an acceleration in French industrial activity giving some support to an otherwise bearish market.

Milan rose slightly, with trade busy in insurers, financials and blue chips. The Milan bourse index was 3.97 higher at 759.29.

Madrid was mixed in quiet trading, with the general index 0.42 down at 233.70. The market rallied slightly on late news that the consumer price index rose only 0.6 per cent for March, below expectations.

Stockholm fell marginally in a featureless session. Ericsson, however, managed to post a SKr 11 gain to SKr 286.

Oslo fell back slightly with the market wary of pushing prices towards record levels. Turnover dropped to NKr 29.78m, from a daily average around NKr 100m before Easter.

LONDON

THE STRONGER pound hit export stocks in London, fuelling a general downturn in slow trading. Only gold issues escaped, bounding ahead as investors kept a nervous eye on the dollar. The FT-SE 100 index lost 9.2 to 1,940.2 and the FT Ordinary 8.4 to 1,531.9. Gilt followed US bonds lower. **Details, Page 44.**

SOUTH AFRICA

GOLD SHARES closed firmer but off the day's highs in cautious Johannesburg trade.

Among gold stocks, Kloof firmed by 75 cents to close at R42, while heavyweight Vaal Reefs recovered R1 from last week's losses to finish at R438.

Mining financials were mixed. Gencor losing R1 to close at R63.50, but Gold Fields of South Africa adding R1 to R73.50.

Other mining shares were steady. Industrial stocks closed mixed to slightly firmer.

ASIA

Funds' return fails to halt dip

TOKYO

TRADING was animated in Tokyo yesterday for the first time in several weeks, with large capital steel and shipbuilding stocks drawing strong buying from institutional investors, *writes Shigeo Nishiwaki of Jiji Press.*

But blue chips and financial stocks fell, bringing the Nikkei average down 9.12 to 23,886.10 on trading volume of 1.42bn shares against Monday's 892m. Losers led gains 458 to 416, with 134 issues unchanged.

Institutions placed heavy buy orders for steels and other large-capital issues in the afternoon after staying away from the market for the past two to three weeks. Individual investors followed, but there were no particular factors encouraging buying, market analysts said.

Nippon Steel was especially busy. It remained the most active issue, with 226.32m shares traded, compared to 98.61m on Monday. The price rose Y15 to Y391. Ishikawajima-Harima Heavy Industries added Y47 to Y712, Mitsubishi Heavy Industries Y49 to Y650 and Nippon Kokan Y22 to Y357.

Utilities and contractors gained ground on optimism about government measures to boost domestic demand. Tokyo Electric Power gained Y100 to Y9,350 and Kansai Electric Power Y110 to Y4,540.

Property, another sector to benefit from moves to stimulate demand, also firmed, with Sumitomo Realty and Development adding Y80 to Y2,060 and Mitsubishi Estate finishing at Y3,430, up Y40.

In contrast, most financial stocks declined on small-lot selling. Long-Term Credit Bank turned down after Monday's sharp advance, losing Y700 to Y27,500, due to wariness about high price levels.

Blue chips, which rallied sharply on Monday after suffering huge losses came under fresh selling pressure as the yen firmed against the dollar. NEC and Toyota Motor closed at Y1,570 and Y1,550 respectively, losing Y50 each.

Bond prices eased, mirroring Monday's US bond market. The 5.1 per cent government bond due in June 1996, which had been rising sharply on buying by the dealing section of a leading securities house, lost popularity as investors grew cautious.

The yield on the benchmark bond jumped from 3.535 per cent to 3.635 per cent. But the yield on the 4.7 per cent government bond maturing in June 1997, which is expected to replace the 5.1 per cent bond as the barometer plunged from 4.2 per cent to 3.93 per cent, reflecting its relatively low price.

SINGAPORE

OVERSEAS investors, notably from Japan, were back in action in the Singapore market, helping to swell turnover and pushing the Straits Times industrial index to a new peak of 1,124.63, a gain of 23.72.

Nervousness about the Malaysian party elections appeared to have eased, but price movements in Malaysian stocks were nonetheless small.

Singapore blue chips, on the other hand, scored good gains, with Singapore Airlines up 60 cents at S$12.60 and banks DBS and UOB rising 40 cents and 30 cents to S$13.60 and S$5.40 respectively.

Volume rose to 40.8m shares traded from 26.2m on Monday.

AUSTRALIA

THE SPOTLIGHT was once again on gold shares in sydney as the rise in the bullion price provided a fresh boost to the sector but profit-taking weakened much of the rest of the market.

The gold index climbed 34.6 to 3,321.7, while the All Ordinaries index finished 1.2 lower at 1,763.3

Gold gains were, however, limited, with Whim Creek up 50 cents at A$13.70 and Poseidon 30 cents ahead at A$13.80.

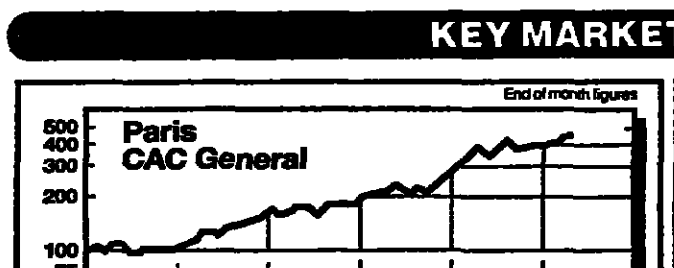
HONG KONG

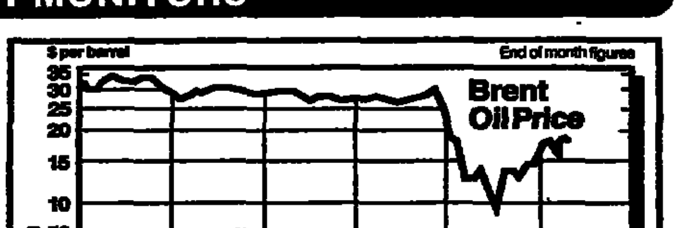
LIGHT SELLING took share prices down slightly in Hong Kong in uneventful post-holiday trading. The Hang Seng index was 7.76 lower at 2,713.36 and the Hong Kong index fell 4.26 to 1,745.95.

Most sectors were mixed, with banks including a 10 cent loss for Hongkong Bank to HK$8.05 and a gain of 25 cents for Hang Seng Bank to HK$36.25.

Among properties, Sun Hung Kai rose 30 cents to HK$14.00

KEY MARKET MONITORS





STOCK MARKET INDICES

	April 21	Previous	Year ago
NEW YORK			
DJ Industrials	2,337.07	2,270.60	1,855.90
DJ Transport	941.32	927.46	822.13
DJ Utilities	209.29	204.05	192.24
S&P Comp.	293.07	286.09	244.74
LONDON FT			
Ord	1,531.9	1,515.1	1,403.1
SE 100	1,940.2	1,922.2	1,688.0
A All-share	974.69	966.98	816.39
A 500	1,060.99	1,073.14	895.53
Gold mines	453.5	479.9	271.7
A Long gilt	9.19	9.23	7.23
World Act. Ind	130.15	129.50	127.87
TOKYO			
Nikkei	23,886.10	23,869.4	15,827.3
Tokyo SE	2,171.08	2,141.19	1,260.37
AUSTRALIA			
All Ord.	1,763.3	1,763.5	1,218.4
Metals & Mins.	1,145.8	1,079.5	534.3
AUSTRIA			
Credit Aktien	199.84	199.08	127.68
BELGIAN SE	4,537.82	4,524.96	3,615.00
CANADA			
Toronto			
Met.& Mins.	2,790.2*	2,789.5	2,193.0
Composite	3,795.6*	3,805.3	3,121.8
Montreal			
Portfolio	1,885.26*	1,889.5	1,613.36
DENMARK SE	197.57	(c)	250.27
FRANCE			
CAC Gen	461.90	460.1	360.0
Ind. Tendance	113.40	113.7	92.0
WEST GERMANY			
FAZ-Aktien	599.28	597.52	739.48
Commerzbank	1,813.50	1,809.90	2,246.3
HONG KONG Hang Seng	2,713.36	2,721.12	1,788.38
ITALY Banca Comm.	759.29	751.13	774.95
NETHERLANDS ANP CBS			
Gen	284.40	286.0	271.8
Ind	265.30	264.6	258.7
NORWAY Oslo SE	419.96	(c)	356.64
SINGAPORE Straits Times	1,124.61	1,095.16	584.05
SOUTH AFRICA JSE			
Golds	—	2,263.00	1,109.1
Industrials	—	1,793.00	1,092.2
SPAIN Madrid SE	233.10	(c)	170.90
SWEDEN J & P	2,881.90	2,872.20	2,312.03
SWITZERLAND Swiss Bank Ind	589.40	591.3	(c)

COMMODITIES (London)

	April 21	Prev
Silver (spot)	478.70p	444.65p
Copper (cash)	£915.00	£915.50
Coffee (July)	£1,326.00	£1,307.00
Oil (Brent)	$18.075	$17.725

GOLD ($/oz)

	April 21	Prev
London	$447.875	$439.25
Zürich	$451.75	$440.00
Paris (fixing)	$449.35	$437.56
Luxembourg	$455.75	$439.60
New York (June)	$451.00	$456.80

CURRENCIES (London)

	US DOLLAR April 21	US DOLLAR Previous	STERLING April 21	STERLING Previous
$	–	–	1.6340	1.627
DM	1.8165	1.810	2.9675	2.9525
Yen	142.35	142.95	232.50	233.25
FFr	6.0425	6.0225	9.8725	9.8225
SFr	1.4930	1.4920	2.44	2.435
Fl	2.0495	2.0425	3.35	3.3325
Lira	1,295	1,290.5	2,116.0	2,104.5
BFr	37.45	37.65	61.20	61.40
C$	1.3235	1.3185	2.1635	2.1485

INTEREST RATES

	April 21	Prev
Euro-currencies (3-month offered rate)		
£	9 13/16	9 15/16
SFr	3 13/16	3 15/16
DM	3 15/16	4
FFr	8⅛	8 3/16
FT London Interbank fixing (offered rate)		
3-month US$	7	6⅞
6-month US$	7⅛	6 15/16
US Fed Funds	6⅝*	6⅝
US3-month CDs	6.60*	5.86
US3-month T-bills	5.475*	5.65

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
June	92-00	92-07	90-22	92-18
US Treasury Bills (IMM) $1m points of 100%				
June	94.08	94.04	93.81	94.00
Certificates of Deposit (IMM) $1m points of 100%				
June	–	–	–	93.28
LONDON				
Three-month Eurodollar $1m points of 100%				
June	92.67	92.80	92.65	93.01
20-year Notional Gilt £50,000 32nds of 100%				
June	122-26	123-04	122-19	123-06

US BONDS

Treasury

	April 21* Price	April 21* Yield	Prev Price	Prev Yield
6⅞ 1989	98 25/32	7.108	98 29/32	6.996
7 1994	94 19/32	8.067	95 5/32	7.94
7¼ 1996	93 15/32	8.253	94 18/32	8.112
7½ 2016	89 13/32	8.444	91	8.32

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index April 21*	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.83	+0.12	6.86	–0.03
1–3	144.03	+0.07	6.37	–0.03
3–5	157.57	+0.17	6.71	–0.03
15–30	193.56	+0.59	7.76	–0.03

Source: Merrill Lynch

Corporate

	April 21* Price	April 21* Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	93.11	6.30	93	6.30
SCBT South Central 10⅞ Jan 1993	103.0	10.16	104.625	9.82
Phibro Sal 8 April 1996	94.23	8.95	93.94	9.00
TRW 8⅞ March 1996	97.88	9.10	99	8.91
Arco 9⅞ March 2016	101.75	9.69	103.625	9.50
General Motors 8⅝ April 2016	85.0	9.88	87.25	9.41
Citicorp 9⅝ March 2016	93.21	10.10	94.10	10.00

Source: Salomon Brothers

* Latest available figures